



Southwest Power Pool
BOARD OF DIRECTORS/MEMBERS COMMITTEE MEETING
May 17, 2006
Marriott DFW North – Dallas, TX

• A G E N D A •

8:00 a.m. – 2:00 p.m. central

- Call to Order..... Mr. Jim Eckelberger
- 1. Markets and Operations Policy Committee Report Ms. Robin Kittel
- 2. Balancing Authority Agreement Mr. Carl Monroe
- 3. Market Implementation Mr. Carl Monroe
 - a. Schedule
 - b. Budget/Staffing



Southwest Power Pool, Inc.
REGIONAL TARIFF WORKING GROUP
Recommendation to the Board of Directors
May 17, 2006

Organizational Roster

The following members represent the Regional Tariff Working Group:

AEP-West	Mr. Dennis Bethel
Arkansas Electric Cooperative Corp.	Mr. Ricky Bittle
Calpine Energy Services	Mr. James Stanton
East Texas Electric Cooperative	Mr. David Brian
Empire District Electric Co.	Mr. Bary Warren
Kansas City Power & Light	Mr. Charles Locke
Kansas Electric Power Cooperative	Mr. Robert Bowser
Lafayette Utilities System	Mr. Ron Gary
Midwest Energy	Mr. Bill Dowling
Missouri Public Service Commission	Mr. Mike Proctor
OG+E Electric Services	Mr. David Kays
Oklahoma Municipal Power	Mr. Gene Anderson
Redbud Energy LP	Mr. Orlando Martinez
Southwest Power Pool	Mr. Pat Bourne
Southwestern Public Service Co.	Mr. Bernard Liu
Tenaska Power Services Co.	Mr. Mark Foreman
Westar Energy	Mr. Dennis Reed
Western Farmers Electric	Mr. Mitchell Williams

The following stakeholders participated in group discussions:

AEP-West	Mr. Dennis Bethel
AEP-West	Mr. Richard Ross
Arkansas Electric Cooperative Corp.	Mr. Ricky Bittle
Arkansas Electric Cooperative Corp.	Mr. Robert Shields
Calpine Energy Services	Mr. James Stanton
East Texas Electric Cooperative	Mr. David Brian
Empire District Electric Co.	Mr. Bary Warren
Kansas City Power & Light	Mr. Charles Locke
Kansas Corporation Commission	Mr. Tom DeBaun
Kansas Electric Power Cooperative	Mr. Robert Bowser
Lafayette Utilities System	Mr. Ron Gary
Lafayette Utilities System	Mr. Gary Newell
Midwest Energy	Mr. Bill Dowling
Missouri Public Service Commission	Mr. Mike Proctor
Occidental Energy Ventures	Mr. Tim Soles
OG+E Electric Services	Mr. David Kays



Oklahoma Municipal Power Authority
Southwestern Power Administration
Southwest Power Pool
Southwest Power Pool
Southwest Power Pool
Southwestern Public Service Co.
Southwestern Public Service Co
Southwestern Public Service Co
Tenaska Power Services Co.
Westar Energy
Westar Energy
Western Farmers Electric
Golden Spread Electric Coop.

Mr. Gene Anderson
Ms. Tracey Stewart
Mr. Les Dillahunt
Mr. Richard Dillon
Mr. Pat Bourne
Mr. Bernard Liu
Mr. Tim Woolley
Ms. Terri Eaton
Mr. Mark Foreman
Mr. Shah Hossain
Mr. Dennis Reed
Mr. Mitchell Williams
Mr. Michael Wise

Background

Tariff Modifications – Energy Imbalance Service – Compliance

On March 20, 2006 FERC issued its order in Dkt. No. ER06-451 on SPP's Energy Imbalance Service Tariff change filing dated January 4, 2005. That order required, among other things, that a compliance filing be made within 60 days of the date of the order. Most of the compliance issues involve modification of Tariff language included in the January 4th filing and the development of new Tariff provisions. In several instances, these Tariff modifications follow EIS Market Protocol changes adopted by the Market Working Group. Tariff modifications include modifications to Tariff Section 1 - Definitions, Tariff Schedule 4 – Energy Imbalance Service, Attachment AE – Energy Imbalance Service Market, Attachment AF – Market Power Mitigation Plan and Attachment AG – Market Monitoring Plan. Attachment AH, previously approved for filing and filed on June 15, 2005, will be resubmitted in this compliance filing. New Attachment AK – Treatment of Reserve Sharing Charges and Revenues has been developed. New Attachment AL – Form of Non-Disclosure Agreement For Authorized Requestors has been developed.

Analysis

Tariff Modifications – Energy Imbalance Service – Compliance

At its meeting on May 4, 2006, the RTWG approved new Tariff Attachment AK - Treatment of Reserve Sharing Charges and Revenues with one opposed and one abstention. The rationale for the opposing vote was disagreement with the position taken by the MOPC on treatment of reserve sharing charges and revenue.

At its teleconference on May 11, 2006, the RTWG approved revisions to Tariff Section 1, Tariff Schedule 4 and Attachments AE, AF and AG. All Tariff modifications except Attachment AE were approved unanimously. Attachment AE was approved by a vote of 8 in favor and 1 opposed. The rationale for the opposing vote was disagreement with the position taken by the MOPC on treatment of reserve sharing charges and revenue.

Section 7.4 of Attachment AE and Attachment AL are of a form specifically prescribed by the Commission in the March 20, 2006 order.



Recommendation

The RTWG recommends that the proposed changes to the Tariff be approved.

Approved: Regional Tariff Working Group May 4, 2006 and May 11, 2006
 To MOPC for Consideration May 16, 2006

Action Requested: Approval of compliance modifications to the Tariff

Attachments: Attached Tariff modifications

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1.3b Balancing Authority: The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time. [Cite 96]

1.3c Balancing Authority Area: The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area. [Cite 96]

1.3l Base Plan Zonal Rate: Zonal component of the rate (per kW of Reserved Capacity for Point-to-Point Transmission Service) assessed by SPP in accordance with Schedule 11 to recover the revenue requirement of facilities classified as Base Plan Upgrades.

1.3m Business Day: Shall mean Monday through Friday, excluding Federal Holidays.

1.3n Calendar Day: shall mean any day including Saturday, Sunday or a Federal Holiday.

1.4 Commission: The Federal Energy Regulatory Commission.

1.5 Completed Application: An Application that satisfies all of the information and other requirements of the Tariff, including any required deposit.

1.6 Control Area: An electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to:

- (1) match, at all times, the power output of the generators within the electric power system(s) and capacity and energy purchased from entities outside the electric power system(s), with the load within the electric power system(s);
- (2) maintain scheduled interchange with other Control Areas, within the limits of Good Utility Practice;

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is April 1, 1999. For Network Integration Transmission Service the Effective Date of this Tariff is February 1, 2000.

1.10c EIS Market: The Energy Imbalance Service market as described in Attachment AE to this Tariff.

1.10d EIS Market Effective Date: The date on which the EIS Market begins commercial operations. [Cite 25]

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1.11a Emergency Condition: A condition or situation determined by the Transmission Provider that is imminently likely to cause a material adverse effect on the security of, or damage to the Transmission System. [Cite 73]

1.16 Load Ratio Share: Ratio of a Transmission Customer's Network Load in a Zone to the total load in that Zone computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of this Tariff and calculated on a calendar year basis, for the prior calendar year.

1.17 Load Shedding: The systematic reduction of system demand by temporarily decreasing load in response to transmission system or area capacity shortages, system instability, or voltage control considerations under Part III of the Tariff.

1.18 Long-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

1.18a Market Monitor: The entity within SPP that is responsible for performing the monitoring and mitigation activities described in Attachments AF and AG.

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1.18b Market Participant: An entity that generates, transmits, distributes, purchases, or sells electricity or provides ancillary services with respect to such services (or contracts to perform any of the foregoing activities) within, into, out of, or through the Transmission System. Market Participant expressly includes:

- (a) Transmission Owner(s) and any of their affiliates including Transmission Owners providing transmission service to: (i) bundled retail load for which such Transmission Owners are taking neither Network Integration Transmission Service nor Firm Point-to-Point Transmission Service under this Tariff; and (ii) load being served under Grandfathered Agreements for which such Transmission Owners are taking neither Network Integration Transmission Service nor Firm

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Point-to-Point Transmission Service under this Tariff, (b) Transmission Customers, (c) Network Customers, (d) Generation Interconnection Customers and (e) any Eligible Customer offering Resources for sale into the EIS Market that executes the Service Agreement specified in Attachment AH. In order to be a Market Participant, the Eligible Customer must be a Transmission Customer; must have executed a Service Agreement, or on whose behalf an unexecuted Service Agreement has been filed with the Commission; or must be otherwise bound by the terms of this Tariff.

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- 1.18c Market Protocols:** The protocols implementing this Attachment AE, as amended from time to time in accordance with the SPP Membership Agreement.
- 1.18d Member:** A member of SPP.
- 1.19 Native Load Customers:** The wholesale and retail power customers of the Transmission Owner(s) on whose behalf the Transmission Owner(s), by statute, franchise, regulatory requirement, or contract, has (have) undertaken an obligation to construct or operate the Transmission Owner's(s') system(s) to meet the reliable electric needs of such customers. In addition, Native Load Customers also may include the customers of the Federal Government on whose behalf the Government, by policy, statute, regulatory requirement, or contract, delivers Federal capacity and energy to meet all or a portion of the reliable electric needs of such customers.
- 1.20 Network Customer:** An entity receiving transmission service pursuant to the terms of the Transmission Provider's Network Integration Transmission Service under Part III of the Tariff.
- 1.21 Network Integration Transmission Service:** The transmission service provided under Part III of the Tariff.

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1.38a Reported Load: A Market Participant's actual value of energy withdrawn from the Transmission System at a Settlement Location, including Transmission System losses, adjusted as described under Section 5.1 of Attachment AE to be consistent with Settlement Area Net Load. [Cite 102]

1.39 Reserved Capacity: The maximum amount of capacity and energy that the Transmission Provider agrees to transmit for the Transmission Customer over the Transmission Provider's Transmission System between the Point(s) of Receipt and the Point(s) of Delivery under Part II of the Tariff. Reserved Capacity shall be expressed in terms of whole megawatts on a sixty (60) minute interval (commencing on the clock hour) basis.

1.39a Resident Load: The load for which Base Plan Charges are applicable pursuant to Part V of the Tariff.

1.40 Service Agreement: The initial agreement and any amendments or supplements thereto entered into by the Transmission Customer and the Transmission Provider for service under the Tariff.

1.41 Service Commencement Date: The date the Transmission Provider begins to provide service pursuant to the terms of an executed Service Agreement, or the date the Transmission Provider begins to provide service in accordance with Section 15.3 or Section 29.1 under the Tariff.

1.42 Short-Term Firm Point-To-Point Transmission Service: Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

1.42a SPP: The Southwest Power Pool, Inc.

1.42b SPP Bylaws: The Bylaws of SPP filed at FERC that set forth the governance structure and other organizational authorities and obligations for SPP. [Cite 235]

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1.42c SPP Markets & Services: The markets that are operated by, and the services provided by, SPP under this Tariff. These include, but are not limited to, (a) transmission and ancillary services, (b) the EIS Market, (c) any congestion management market or system, (d) any ancillary services market, and (e) any other markets or services administered, coordinated or facilitated by SPP.

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1.42d SPP Membership Agreement: The Southwest Power Pool Membership Agreement detailing the rights and obligations of the SPP and SPP Members.

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1.42e SPP Region: The geographic area of the Transmission System.

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1.42f SPP Transmission Expansion Plan: The SPP RTO shall regularly perform transmission planning studies. These studies shall assess the reliability and economic operation of the SPP Transmission System. Transmission expansion required over the planning period shall be submitted to the SPP Board of Directors.

1.43 System Impact Study: A coordinated assessment by the Transmission Provider and the affected Transmission Owner(s) of (i) the adequacy of the Transmission System to accommodate a request for either Firm Point-To-Point Transmission Service or Network Integration Transmission Service or (ii) to determine the Attachment Facilities, other Direct Assignment Facilities, and system upgrades that are needed to accept power into the grid without mark-up. [\[Cite 235\]](#)

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Deleted: Each Transmission Owner's schedules for Scheduling, System Control and Dispatch Service and for Reactive Supply and Voltage Control from Generation Sources Service shall be available through the SPP OASIS. Each Transmission Owner also shall maintain schedules which offer (1) Regulation and Frequency Response Service, (2) Operating Reserve - Spinning Reserve Service, and (3) Operating Reserve - Supplemental Reserve Service. Transmission Customers shall pay the Transmission Provider providing any of these services directly for the service. Each Transmission Owner's schedules for these services also shall be available through SPP OASIS. The Transmission Customer serving load within a Transmission Owner's(s) Control Area(s) is required to acquire these three Ancillary Services, whether from the Transmission Owner(s), from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Owner's(s) offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Owner(s). The Transmission Provider shall determine whether the Transmission Customer has adequately demonstrated that it has acquired the Ancillary Services from another source. If the Transmission Provider determines that the Transmission Customer is taking Ancillary Services that it has not paid

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terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates. ¶

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff. [1]

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SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to/from the Transmission System over a single hour. The Market Participant must purchase this service from the Transmission Provider. The Transmission Provider will obtain and provide this service and the Market Participant shall utilize this service in accordance with Attachment AE. Charges and credits to and payments from and to Market Participants for use and provision of this service shall be calculated by the Transmission Provider based upon the applicable Locational Imbalance Prices pursuant to Attachment AE.

A Market Participant that is serving load utilizing Network Integration Transmission Service will not require any additional transmission service arrangements for the delivery of Imbalance Energy.

Transmission for deliveries of Energy Imbalance Service will be furnished through otherwise unscheduled transmission service reservations, with an allowed dead-band of up to 4% of the amount of total transmission service reserved at no additional charge. A Market Participant that is serving load utilizing Point-to-Point Transmission Service shall be charged the hourly Non-Firm Point-to-Point Transmission Service rate, determined in accordance with Schedule 8 to this Tariff, multiplied by the amount of EIS energy transmitted in excess of the sum of 4% of the Market Participant's total Point-to-Point Transmission Service Reservations in each hour (but not less than 2 megawatts) [Cite 102] and the capacity available over and above actual deliveries scheduled on those reservations in the same hour.

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A Market Participant Transmission Owner that is providing transmission service under Grandfathered Agreements and/or that is providing transmission service to bundled retail load for which such Transmission Owner is not taking Network Integration Transmission Service or Point-to-Point Transmission Service under this Tariff shall be charged the hourly Non-Firm Point-to-Point Transmission Service rate, determined in accordance with Schedule 8 to this

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Tariff, multiplied by the actual amount of Imbalance Energy transmitted in excess of 4% of the sum of such Transmission Owner's Reported Load (but not less than 2 megawatts) [\[Cite 102\]](#) in each hour. However, if such Market Participant Transmission Owner has a pending application before state regulatory authority(ies) having jurisdiction over its bundled retail load or the Transmission Provider, to serve bundled retail load using Network Integration Transmission Service under this Tariff, the Market Participant Transmission Owner shall not be charged for transmission service associated with the amount of Imbalance Energy consumed in each hour prior to the effective date of the final order or decision resulting from that application.

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Market Participants that are not taking Network Integration Transmission Service or Point-to-Point Transmission Service that are offering their Resources for sale into the EIS Market that have executed the Service Agreement specified in Attachment AH are not subject to hourly Non-Firm Point-to-Point Transmission Service charges for any Imbalance Energy delivered to the EIS Market.

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ATTACHMENT AE
ENERGY IMBALANCE SERVICE MARKET

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1. Introduction

This Attachment sets forth the scheduling and dispatching responsibilities of the Transmission Provider and Market Participants relating to the provision of Energy Imbalance Service and sets forth the operation, pricing and settlement of the market for Energy Imbalance Service (EIS). This Attachment addresses the three time frames that are pertinent to the administration of the Energy Imbalance Service market: Day-Ahead Period, Hour-Ahead Period and Real-Time Period.

1.1 Definitions

1.1.1 Adjusted Net Scheduled Interchange

Net Scheduled Interchange as adjusted for EIS Market dispatch instructions, reserve sharing schedules, and inadvertent interchange payback schedules.

1.1.2 Ancillary Service Plan

A plan submitted by a Market Participant with Schedule 3, Schedule 5 and Schedule 6 obligations to meet its next day obligations and current day obligations.

1.1.2a Authorized Agency [Cite 221]

(i) a State public utility commission within the geographic limits of the SPP Region that regulates the distribution or supply of electricity to retail customers or is legally charged with monitoring the operation of wholesale or retail markets serving retail suppliers or customers within its State; (ii) a regional state committee within the SPP Region; or (iii) a state agency that has both access to documents in the possession of a state public utility commission pursuant to state statute and the ability to protect those documents in accordance with a non-disclosure agreement.

1.1.2b Authorized Requestor [Cite 221]

A person who has executed a non-disclosure agreement, and is authorized by an Authorized Agency to receive and discuss Confidential Information. Authorized Requestors may include State public utility commissioners, State commission staff, attorneys representing an Authorized Agency, and employees, consultants and/or contractors directly employed by an

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Authorized Agency, provided, however, that consultants or contractors may not initiate requests for Confidential Information from the Transmission Provider or the Market Monitor.

1.1.3 Confidential Information

As referenced within Attachments AE, AF and AG to this Tariff, information containing or revealing:

- (a) Any confidential, proprietary, or commercially sensitive information, or information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Market Participant that is conspicuously designated as Confidential Information in writing, on each page of the document, by Disclosing Party at the time the information is provided to Receiving Party, whether conveyed electronically, in writing, through inspection, or otherwise;
- (b) Any confidential, proprietary, or commercially sensitive information, or information of a plan, specification, pattern,

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procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Market Participant that is provided orally and designated as Confidential Information, by Disclosing Party at the time the information is provided to Receiving Party;

- (c) Any customer information designated by the customer as proprietary, unless the customer has authorized the release for public disclosure of such information;
- (d) Any software, products of software or other vendor information that SPP is required to keep confidential under its agreements.

Confidential Information does not include Critical Energy Infrastructure Information (“CEII”) materials as designated by FERC, which must be obtained in accordance with FERC regulations.

1.1.3a Coordinated Flowgate [Cite 235]

A flowgate defined within a joint operating agreement between the Transmission Provider and another transmission provider as being affected by the transmission of energy on either party’s transmission system.

1.1.4 Day-Ahead Period

The time period starting at 0700 and ending at 1530 Central Prevailing Time of the day prior to the Operating Day.

1.1.5 Disclose or Disclosure

To, directly or indirectly, disclose, reveal, distribute, report, publish, or transfer Confidential Information to any entity other than to the Disclosing Party which provided the Confidential Information.

1.1.6 Dispatch Interval

The interval for which the Transmission Provider issues dispatch instructions for Energy Imbalance Service. The dispatch interval is currently 5 minutes.

1.1.7 Dispatchable Resource

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A Resource for which an Offer Curve has been submitted and that is available for dispatch by the Transmission Provider.

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1.1.7a Economic Maximum Limit

A Resource's physical maximum sustainable capacity limit, as identified in the Resource Plan, reduced by the sum of the megawatt amounts of Schedule 3, Schedule 5 and Schedule 6 Service assigned to that Resource, as identified in the Ancillary Services Plan. [Cite 42]

1.1.7b Economic Minimum Limit

A Resource's physical minimum sustainable capacity limit, as identified in the Resource Plan, increased by the megawatt amount of Schedule 3 Service assigned to that Resource, as identified in the Ancillary Services Plan.[Cite 42]

1.1.8 Energy Imbalance Service

The Ancillary Service defined under Schedule 4 to this Tariff.

1.1.9 Energy Imbalance Service Charge/Credit

A Market Participant's hourly charges and credits associated with its Imbalance Energy at a Settlement Location.

1.1.10 Energy Imbalance Service Uplift Charge/Credit

A Market Participant's hourly charge associated with an EIS Market revenue shortfall that is created when the total of all Energy Imbalance Service Credits is greater than the total of all Energy Imbalance Service Charges in an hour or a Market Participant's hourly credit associated with an EIS Market revenue excess that is created when the total of all Energy Imbalance Service Charges is greater than the total of all Energy Imbalance Service Credits in an hour.

1.1.11 Energy Imbalance Service Uplift Obligation

An hourly value in megawatts per hour calculated by the Transmission Provider for each Market Participant that is utilized by the Transmission Provider to determine each Market Participant's Energy Imbalance Service Uplift Charge/Credit.

1.1.11a Energy Obligation Deficiency

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A condition created, either at the Market Participant level or Balancing Authority level, when the sum of applicable Resource Maximum Economic Limits in an hour is less than the applicable load forecast as adjusted for third party schedules in that hour.[Cite 42]

1.1.11b Energy Obligation Excess

A condition created, either at the Market Participant level or Balancing Authority level, when the sum of applicable Resource Minimum Economic Limits in an hour is greater than the applicable load forecast as adjusted for third party schedules in that hour.[Cite 42]

1.1.12 Energy Schedule

A set of hourly energy injection and withdrawal values, in megawatts per hour, submitted by Market Participants, at valid sources and sinks.

1.1.13 Hour-Ahead Period

The time period following the close of the Day-Ahead Period and ending thirty minutes before the Operating Hour.

1.1.14 Hourly Uninstructed Deviation Megawatt

The average of the absolute value of a Resource's Uninstructed Deviation Megawatt for an Operating Hour.

1.1.15 Imbalance Energy

The amount of Energy Imbalance Service in megawatts per hour that is provided or consumed by a Market Participant at a Settlement Location in an hour.

1.1.16 Intermittent Resource

A Resource that meets all of the following criteria: a) the fuel source can not be stored, b) the output of the Resource is by nature weather-driven, and c) it has limited capabilities to be dispatched and to respond to changes in system demand and transmission security constraints.

1.1.17 Locational Imbalance Price

The market clearing price for Energy Imbalance at a specific location which shall be equivalent to the marginal cost of serving load at that location as calculated by the Transmission Provider's security constrained economic dispatch algorithm.

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[Cite 75] 1.1.17a Manual Dispatch Instruction [Cite 73]

A dispatch instruction issued by the Transmission Provider that is developed outside of the security constrained dispatch software solution or that differs from a Self-Dispatched Resource's Scheduled Generation.

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A set of internal schedules created by the Transmission Provider where the source and sink of the schedule are determined based on the outcome of the real-time dispatch process or a reserve sharing event.¶

1.1.17b Market Flow [Cite 235]

The aggregate megawatt flow on a Coordinated Flowgate or a Reciprocal Coordinated Flowgate caused by Energy Schedules for native load, intra Balancing Authority Area Energy Schedules, inter Balancing Authority Area Energy Schedules that are sourced at Dispatchable Resources or load Settlement Locations and Energy Imbalance Service.

1.1.19 Meter Settlement Location

The effective point at which a Market Participant's registered load and Resources interchange energy with the EIS Market.

1.1.19a NERC Interchange Distribution Calculator (NERC IDC) [Cite 235]

The mechanism used by Reliability Coordinators in the Eastern Interconnection to calculate the distribution of interchange transactions over specific flowgates.

1.1.20 Net Energy Imbalance Service Charge/Credit

The sum of a Market Participant's Settlement Location specific Energy Imbalance Service Charge/Credits in an hour.

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1.1.21 Net Scheduled Interchange

The algebraic sum of all Energy Schedules into or out of a Control Area.

1.1.22 Offer Curve

A set of price/quantity pairs associated with a Dispatchable Resource that represents the prices and amounts of dispatchable energy or curtailable consumption offered to the Transmission Provider for the provision of Energy Imbalance Service.

1.1.23 Operating Day

The daily period beginning at midnight for which transactions within SPP are scheduled.

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1.1.24 Operating Hour

A 60 minute period of time during the Operating Day corresponding to a clock hour.

1.1.25 Physical Schedule

An Energy Schedule that has a source that is a Self-Dispatched Resource or that is scheduled into, out of, or through the SPP Market.

1.1.26 Real Time Period

The time period during an Operating Hour in which the Transmission Provider or the Control Area operator balances the system by deployment of energy from Energy Imbalance Service and Schedule 3, Schedule 5 or Schedule 6 Services.

[\[Cite 102\]](#)

1.1.27 Reciprocal Coordinated Flowgate [Cite 235]

A Coordinated Flowgate defined within a joint operating agreement between the Transmission Provider and another transmission provider as being affected by the transmission of energy on both of their respective transmission systems.

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A Market Participant's actual value of energy withdrawn from the Transmission System at a Settlement Location, including Transmission System losses, adjusted as described under Section 5.1 to be consistent with Settlement Area Net Load.

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1.1.28 Resources

Assets which are defined within the Market System which inject energy into the transmission grid, or which reduce the withdrawal of energy from the transmission grid, and may be self-dispatched or directly dispatchable by the Transmission Provider. These Resources include generation and controllable load.

1.1.29 Resource Plan

A Market Participant's plan to meet its energy obligations including specification of Resource operating characteristics.

1.1.30 Scheduled Generation

The amount of energy scheduled to be injected at a Settlement Location pursuant to submission of an Energy Schedule that is used in the calculation of a Market Participant's Imbalance Energy at a Settlement

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Location. This value is assumed to be a negative value for settlement purposes.

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1.1.31 Scheduled Load

The amount of energy scheduled to be withdrawn at a Settlement Location pursuant to submission of an Energy Schedule that is used in the calculation of a Market Participant's Imbalance Energy at a Settlement Location. This value is assumed to be a positive value for settlement purposes.

1.1.32 Self-Dispatched Resource

A Resource that is not available for economic dispatch by the Transmission Provider to support market operations.

1.1.33 Settlement Area

An area within a single Control Area in the Transmission System for which interval metering can account for the net injections and net interchange associated with that area.

1.1.34 Settlement Area Metered Net Interchange

The algebraic sum of all energy flowing into or out of a Settlement Area during an hour.

1.1.35 Settlement Area Net Load

The sum of, as adjusted to account for Transmission System losses associated with through or out service as specified in Attachment M, (a) net injections at each Settlement Location within the Settlement Area and (b) Settlement Area Metered Net Interchange.

1.1.36 Settlement Location

Locations defined for the purpose of commercial operations and settlement. A Settlement Location can be either a single Meter Settlement Location or, for load, an aggregation of Meter Settlement Locations within one Settlement Area as designated during the asset registration process by a Market Participant serving load.

1.1.37 Shut-down Mode

The period one hour before and one hour after the scheduled time that a Resource is to be de-synchronized from the electrical grid.

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1.1.38 Start-up Mode

The period of time two hours before and two hours after the scheduled time for a unit to synchronize to the grid.

1.1.39 State Estimator

A standard industry tool that produces a power flow model based on available real-time metering information, information regarding the current status of lines, generators, transformers, and other equipment, bus load distribution factors, and a representation of the electric network, to provide a complete description of system conditions, including conditions at busses for which real-time information is unavailable.

1.1.40 Test Mode

Operation of new facilities not yet commercially accepted by the owner of the Resource that is designed to assist in commercial acceptance testing of the Resource by the owner or, the operation of a Resource that has been off-line due to an extended maintenance period. This operation must be coordinated with the Transmission Provider to the extent possible.

1.1.41 Uninstructed Deviation Charge

A Market Participant's charge associated with a Resource that is determined to have operated outside an acceptable operating tolerance relative to dispatch instructions in accordance with procedures set forth in this tariff.

1.1.42 Uninstructed Deviation Megawatt

The megawatt amount by which a Resource's actual output in a Dispatch Interval is above or below that Resource's acceptable operating range.

1.2 Market Participant Obligations

1.2.1 Service Agreement

In order for a Market Participant to offer energy for sale from its registered Resources into the EIS Market, it must execute the Service Agreement specified in Attachment AH prior to its initial submission of Offer Curves pursuant to Section 1.2.6.

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1.2.2 Application and Asset Registration

- (a) Applications for a Market Participant to provide services in the EIS Market must be submitted to the Transmission Provider no later than 45 Calendar Days prior to the expected date of participation. Completed applications must contain the required information specified under the application procedures specified in the Market Protocols.
- (b) As part of the application process, Market Participants must register all load, including applicable load associated with Grandfathered Agreements, and Resources with the Transmission Provider in accordance with the registration process specified in the Market Protocols.
- (c) Market Participants may elect to define a single Settlement Location that aggregates multiple Meter Settlement Locations associated with their load assets. Such a Settlement Location is used for settlements purposes only and the Meter Settlement Locations being aggregated must be within a single Settlement Area.

[\[Cite 96\]](#)

(d) For registration of jointly owned Resources, Market Participant owners: [Cite 76]

- must register the entire ownership of a jointly owned Resource included within a Balancing Authority Area inside the SPP Region, including ownership that is not associated with a Market Participant, as either a single Resource or multiple Resources; and
- may specify a Designated Agent for the purposes of submitting Offer Curves.

If the jointly owned Resource is registered as multiple Resources, the Transmission Provider shall treat each registered portion of the

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(e) Market Participants that register and intend to offer a Resource that is not part of a reserve sharing group must execute a Reserve Sharing Cost Allocation agreement.

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joint owned Resource as an independent Resource for the purposes of EIS Market participation.

A jointly owned Resource must have only one meter agent and each Market Participant must designate the same meter agent in the case where the jointly owned Resource is registered as multiple Resources. The default meter agent shall be the operating owners meter agent unless otherwise unanimously agreed to by the owners and submitted to the Transmission Provider.

(e) Market Participants may subsequently modify their initially registered assets once their participation in the EIS Market has commenced in accordance with the asset registration procedures specified in the Market Protocols.

1.2.3 Market Manipulation

Market Participants shall not engage in any market manipulation activities. Such actions or transactions that are without a legitimate business purpose and that are intended to or foreseeably could manipulate market prices, market conditions, or market rules for electric energy or electric products

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are prohibited. Such activities include but shall not be limited to the activities specified in Section 7.2 of Attachment AF.

1.2.4 Resource Plans and Energy Schedules

Market Participants with assets in the SPP Region that have been registered pursuant to Section 1.2.2 shall submit to the Transmission Provider Resource Plans to meet all their energy obligations in accordance with the timelines and data requirements specified in Section 2.2 of this Attachment AE. Market Participants who submit an Energy Schedule to the Transmission Provider shall follow the timelines and data requirements specified in Section 2.2 of this Attachment AE.

1.2.5 Ancillary Service Plans

Market Participants with obligations to supply Schedule 3, Schedule 5 and/or Schedule 6 service to load within SPP shall submit to the Transmission Provider an Ancillary Service Plan to meet their Schedule 3, Schedule 5 and Schedule 6 obligations in accordance with the timelines and data requirements specified in Section 2.3 of this Attachment AE.

1.2.6 Resource Offer Curves

Market Participants electing to submit Offer Curves to the Transmission Provider for the provision of Energy Imbalance Service shall submit such Offer Curves in accordance with the timelines and data requirements specified in Section 2.5 of this Attachment AE. For the first 90 days commencing with the EIS Market Effective Date, Market Participants must submit Offer Curve prices that are less than or equal to \$400/megawatt-hour. Between 91 days and 180 days commencing with the EIS Market Effective Date, Market Participants must submit Offer Curve prices that are less than or equal to \$1000/megawatt-hour. Beginning with the EIS Market Effective Date, Offer Curves shall be subject to the provisions of Section 3.2.4 of Attachment AF to this Tariff. [\[Cite 25\]](#)

1.2.7 Scheduling and Dispatch

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Market Participants shall, where applicable:

- (a) Follow the Transmission Provider's dispatch instructions ~~where~~ such dispatch instructions are described under Section 4.1 of Attachment AE; [Cite 73]
- (b) Incorporate the Transmission Provider's Adjusted Net Scheduled Interchange, as calculated pursuant to Section 4.1, into their respective Control Area energy management systems;

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- (c) Report Resource Plan changes to the Transmission Provider throughout the Operating Day resulting from changes in Resource availability;
- (d) Report changes to Ancillary Service Plans resulting from changes in Resource availability to the Transmission Provider; and
- (e) Abide by the procedures set forth in the Market Protocols.

1.2.8 Energy Imbalance Service Settlement

Market Participants, or their designated meter agent, shall submit to the Transmission Provider for each hour of the Operating Day meter data representing the actual generation output and actual load consumption, or where actual data is not available [Cite 235] estimates thereof, associated with their registered load and Resources in accordance with the timelines specified in the Market Protocols.

1.3 Transmission Provider Obligations

1.3.1 Market Protocols

The Transmission Provider shall prepare, maintain and update the Market Protocols consistent with this Tariff. The Market Protocols shall be posted on the SPP website.

1.3.2 Scheduling and Dispatch

The Transmission Provider shall evaluate Resource Plans submitted by Market Participants during the Day-Ahead Period and the Hour-Ahead Period in accordance with Sections 2 and 3 of this Attachment.

- (a) In the Real-Time Period, the Transmission Provider shall dispatch Dispatchable Resources between their Economic Minimum Limit and Economic Maximum Limit [Cite 73] to provide Energy Imbalance Service economically on the basis of least-cost, security-constrained economic dispatch and the prices and operating characteristics offered by Market Participants or based upon Manual Dispatch Instructions only during Emergency Conditions where such Emergency Conditions can not be resolved through the process described under Section 4.3 of Attachment AE. [Cite 73]

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(b) In the Real-Time Period, the Transmission Provider shall issue dispatch instructions to Self-Dispatched Resources in accordance with

(i) the approved Resource Plan; ~~and~~

(ii) the approved Energy Schedules.

In addition, the Transmission Provider may issue Manual Dispatch Instructions to Self-Dispatched Resources only during Emergency Conditions where such Emergency Conditions can not be resolved through the process described under Section 4.3 of Attachment AE. [Cite 73]

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1.3.3 Ancillary Service Plans

(a) The Transmission Provider shall calculate the Schedule 3, Schedule 5 and Schedule 6 obligations for Market Participants in accordance with the procedures set forth in the SPP Criteria on a daily basis.

(b) The Transmission Provider shall evaluate the Ancillary Service Plan submitted by a Market Participant to ensure that the Market Participant has identified sufficient Resources or that the Market Participant has entered into bilateral transactions to meet its Schedule 3, Schedule 5 and Schedule 6 obligations for the next Operating Day.

1.3.4 Energy Imbalance Service Pricing

The Transmission Provider shall calculate a Locational Imbalance Price at each Settlement Location in accordance with Section 4.4 of this Attachment AE.

1.3.5 Energy Imbalance Service Settlements

The Transmission Provider shall calculate Energy Imbalance Service settlement quantities at each Settlement Location, calculate charges and credits associated with the provision of Energy Imbalance Service based upon the settlement quantities and the associated Locational Imbalance Prices in accordance with Section 5 of this Attachment AE and render

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invoices to Market Participants detailing net charges or credits associated with provision of Energy Imbalance Service in accordance with Section 6 of this Attachment AE.

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1.3.6 EIS Market Participation Readiness

The Transmission Provider shall validate each Market Participant's ability to provide services in the EIS Market, as applicable. Such validation shall include verification that the Market Participant has met the technical and communications requirements for EIS Market participation specified in the Market Protocols and has met the credit requirements specified under the SPP credit policy.

1.3.7 Manage Inadvertent Interchange

The Transmission Provider shall manage the inadvertent interchange accounts for the SPP ~~Region [Cite 235]~~ in accordance with the principles provided in section 2.6.

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2. Day-Ahead Period Activities

The Transmission Provider and Market Participants shall adhere to the following scheduling procedures regarding development of the next day operating plan.

2.1 Transmission Provider Forecast Information

No later than 0730 Central Prevailing Time on the day prior to the Operating Day, the Transmission Provider shall:

- (a) Develop an hourly load forecast for each Settlement Area, ~~Balancing Authority~~ and for the SPP Region for the next seven days, ~~The Transmission Provider shall take into consideration load forecast information provided by Balancing Authorities in forming its forecast. The Transmission Provider~~ shall provide these hourly load forecasts electronically for use by Market Participants in developing their Resource Plans ~~and load forecasts~~; and ~~[Cite 45]~~
- (b) Calculate each Market Participant's Schedule 3, Schedule 5 and Schedule 6 obligations for the next Operating Day and shall post these obligations electronically. Market Participant Schedule 3, Schedule 5 and Schedule 6 obligations shall be calculated by the Transmission Provider as specified in the SPP Criteria and this Tariff.

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2.2 Resource Plan and Energy Schedule Submittal Requirements

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No later than 1100 Central Prevailing Time on the day prior to the Operating Day, Market Participants must submit Resource Plans and load forecasts [Cite 45] for each hour of the next Operating Day to the Transmission Provider. To the extent that the sum of Market Participants' load forecasts for each Settlement Area is significantly different than the Transmission Provider's Settlement Area load forecasts developed under Section 2.1, the Transmission Provider shall contact the applicable Market Participants to resolve the discrepancy.[Cite 45] A Market Participant must submit a Resource Plan that provides a sufficient amount of available energy to meet all of the Market Participant's energy obligations, where such energy obligations are equal to the Market Participant's load forecast plus third party sales minus third party purchases. Market Participants must satisfy their energy obligations through any combination of: (1) scheduling energy from third parties, (2) planned operating levels of Self Dispatched Resources as identified in the Resource Plan or (3) by making its Resources available to the Transmission Provider for dispatch with sufficient dispatchable operating range, as identified in the Resource Plan, such that in aggregate, they are capable of producing sufficient energy to meet the Market Participant's energy obligations at all times. The Transmission Provider shall also calculate an energy obligation associated with each Balancing Authority for use in the analyses performed under Section 2.4 of Attachment AE that is equal to the Balancing Authority load forecast developed under Section 2.1 of Attachment AE plus third party sales minus third party purchases out of or into the Balancing Authority Area. [Cite 40, 42]

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Participant's energy obligations, including the load forecasts and any third party bilateral transactions that transfer energy obligations to the Market Participant. Market Participants

Market Participants may also submit Energy Schedules and such schedules must be submitted in accordance with the timelines set forth in Attachment P.

2.2.1 A Market Participant's Resource Plan shall be submitted according to the following:

- (a) Resource Plans shall be submitted using the data formats and procedures defined in the Market Protocols

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(b) A Market Participant's Resource Plan shall contain the following information associated with each of that Market Participant's Resources:

- i. Resource type, either generation, controllable load, or plant;
- ii. Resource's ~~physical~~ minimum ~~sustainable~~ capacity limit in megawatts per hour ~~for each Operating Hour~~ and ~~physical and~~ maximum ~~sustainable~~ capacity limit in megawatts per hour ~~for each Operating Hour~~; [\[Cite 41\]](#)
- iii. Resource hourly forecasted generation in megawatts per hour for the next seven days;
- iv. Resource status for SPP dispatch for the next seven days; and
- v. A planned operating schedule in the absence of a market.

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2.2.2 A Market Participant's Energy Schedule shall be submitted according to the following:

- (a) Energy Schedules shall be submitted using the data formats and procedures defined in the Market Protocols.
- (b) Such hourly Energy Schedules must specify a megawatt per hour amount of energy at the source, which may include self-provision of Transmission System losses, and a megawatt per hour amount of energy at the sink.

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- (c) Market Participants must associate Energy Schedules with a specified source and sink that are valid Settlement Locations in order for the Energy Schedules to be utilized in the calculation of Imbalance Energy.
- (d) Market Participants that submit Energy Schedules are required to ensure that the total of the scheduled megawatt per hour injections submitted is equal to the total of the scheduled megawatt per hour withdrawals submitted plus self-provided Transmission System losses for through or out transactions per Attachment M.
- (e) Market Participants that are parties to Grandfathered Agreements shall identify to the Transmission Provider which party is responsible for submission of Energy Schedules.

2.3 Ancillary Service Plans

Market Participants must submit Ancillary Service Plan information to meet their Schedule 3, Schedule 5 and Schedule 6 obligations, to the extent that such obligations exist, to the Transmission Provider no later than 1100 Central Prevailing Time on the day prior to the Operating Day. Ancillary Service Plans shall include identification of the Market Participant's Resources providing the Services and identification of any bilateral transactions that transfer these obligations to or from the Market Participant. A Market Participant's Ancillary Service Plan shall be submitted according to the following:

- (a) Market Participants shall submit Ancillary Service Plans in accordance with the data formats and submittal procedures specified in the Market Protocols.
- (b) Market Participants that are parties to Grandfathered Agreements shall Identify to the Transmission Provider which party is responsible for submitting Ancillary Service Plans related to such agreements.

2.4 ~~Ancillary Service Plan and Resource Plan Evaluation [Cites 40, 41 and 42]~~

2.4.1 No later than 1200 Central Prevailing Time on the day prior to the Operating Day, the Transmission Provider shall complete an evaluation of the Ancillary Service Plans submitted pursuant to Section 2.3 to verify that

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each Market Participant has met its Schedule 3, Schedule 5 and Schedule 6 obligations. If the Transmission Provider determines that a Market Participant has not met one or more of these ancillary service obligations, the Transmission Provider shall notify the Market Participant. The Market Participant shall modify its Ancillary Service Plan and/or its Resource Plan as necessary to meet its ancillary service obligations and shall submit such modifications to the Transmission Provider no later than 1300 on the day prior to the Operating Day. Such revisions shall be coordinated with the Transmission Provider.

2.4.2 ~~Between 1300 and 1500 Central Prevailing Time on the day prior to the Operating Day, the Transmission Provider shall perform a review of the operating capacity scheduled in each Market Participant's Resource Plan. This review shall include an assessment of the total operating capacity scheduled in each hour of the next Operating Day and a simultaneous feasibility study to ensure that such operating capacity is deliverable in each hour of the next Operating Day.~~

~~(a) Supply Adequacy Analysis~~

~~The inputs to the supply adequacy analyses shall be the load forecasts developed pursuant to Section 2.1 and submitted under Section 2.2, the Resource Plans submitted pursuant to Section 2.2 the energy obligations calculated under Section 2.2 and Ancillary Service Plans submitted pursuant to Section 2.3. The objective of performing the supply adequacy analysis is to ensure there is sufficient operating capacity scheduled so that the Transmission Provider may operate the system reliably to meet the load forecast. For each hour, the Transmission Provider shall determine if each Market Participant's energy obligation as set forth in Section 2.2 is: (i) less than the aggregate of the Economic Maximum Limits; and (ii) greater than the aggregate of the Economic Minimum Limits submitted in its Resource Plan. Similarly, for each Balancing Authority Area, the Transmission Provider shall determine if the Balancing Authority's energy obligation set forth in Section 2.2 is: (i)~~

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Deleted: the Resource Plans submitted pursuant to Section 2.2, including any applicable Energy Schedules;
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Deleted: and ancillary service requirements. If the Transmission Provider determines there is insufficient operating capacity for the next Operating Day, the Transmission Provider shall immediately notify those Market Participants that have not scheduled sufficient Resources to meet their energy obligations as set forth in Section 2.2 and each such Market Participant shall modify its Resource Plan and/or its Ancillary Service Plan to correct the deficiency and resubmit such plans to the Transmission Provider. Furthermore, if the Transmission Provider determines that a Market Participant's submitted Resource Plan cannot be implemented reliably, the Transmission Provider shall immediately notify the Market Participant and
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the Market Participant shall modify its Resource Plan and resubmit such Resource Plan to the Transmission Provider.¶
2.4.3 . Within two hours of being notified by the Transmission Provider, the Market Participant is required to resubmit its Resource Plan or Ancillary Service Plan to address the deficiency. To the extent the Transmission Provider determines additional capacity is required for system reliability purposes, the Transmission Provider may also direct a Market Participant to commit additional generation to ensure the Market Participant has sufficient resources to meet its energy obligations and Ancillary Service obligations.¶

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less than the aggregate of the Economic Maximum Limits; and (ii) greater than the aggregate of the Economic Minimum Limits submitted in all Market Participant Resource Plans in that area. If the Transmission Provider determines there is an Energy Obligation Deficiency or Energy Obligation Excess in any hour of the next Operating Day within a Balancing Authority Area, the Transmission Provider shall immediately notify those Market Participants within that Balancing Authority Area that have an Energy Obligation Deficiency or Energy Obligation Excess, as applicable, in that hour. , Such Market Participant shall correct the deficiency or excess and resubmit revised plans and/or schedules to the Transmission Provider by 1700 on the day prior to the Operating Day.

(b) Simultaneous Feasibility Analysis

(i) The inputs to the simultaneous feasibility analyses shall be the load forecasts developed pursuant to Section 2.1, the Resource Plans submitted pursuant to Section 2.2, including any applicable Energy Schedules, Offer Curves submitted pursuant to Section 2.5 and Ancillary Service Plans submitted pursuant to Section 2.3. The simultaneous feasibility analysis determines the impacts of single transmission facility contingencies on a set of monitored transmission facilities.

(ii) To verify that the submitted Resource Plans and applicable Energy Schedules can be implemented reliably, the Transmission Provider shall determine if all constraints identified in the simultaneous feasibility analysis can be resolved through; (i) the simulated dispatch of Dispatchable Resources only; and (ii) simulation of potential impacts that a TLR may have on the constraint as described in the Market Protocols. If such constraints can be resolved, the Transmission Provider shall post a notification on its website identifying the projected constraint and that TLR may be necessary to resolve the issues in Real-Time.

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(iii) If the Transmission Provider determines through the simultaneous feasibility analysis that the submitted Resource Plans cannot be implemented reliably, the Transmission Provider shall immediately notify the affected Market Participants that their plans are infeasible. The Transmission Provider shall determine each affected Market Participant's responsibility for resolving the infeasibility in accordance with the Market Protocols. Such Market Participants shall revise and resubmit their plans to the Transmission Provider by 1700 on the day prior to the Operating Day.

2.4.3 To the extent the revised plans do not address the Energy Obligation Deficiency or Energy Obligation Excess condition within a Balancing Authority or the infeasibility, the Transmission Provider may:

(a) direct a Market Participant with an Energy Obligation Deficiency within the applicable Balancing Authority Area to commit additional Resources to correct the Energy Obligation Deficiency;

(b) direct a Market Participant with an Energy Obligation Excess within the applicable Balancing Authority Area to de-commit a Resource to correct the Energy Obligation Excess; or

(c) direct the applicable Market Participants to commit or de-commit Resources to alleviate constraint violations that have not been addressed within the applicable Market Participants plans.

If a Market Participant fails to follow the Transmission Providers instructions as described in Sections 2.4.3(a), 2.4.3(b) and 2.4.3(c), and such action causes an Emergency Condition during the Real-Time Period, the Transmission Provider shall submit a report of the Market Participant's actions to the Commission.

2.5 Resource Offers

(a) Market Participants must submit Offer Curves for each Resource that has been identified in the Market Participant's Resource Plan as available for

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dispatch by the Transmission Provider for the provision of Energy Imbalance Service. Offer Curves may be submitted or modified up to thirty minutes prior to the Operating Hour. Offer Curves shall be Resource specific and shall specify the amounts and prices of energy available for dispatch. The smallest increment of energy that may be specified in an Offer Curve shall be one megawatt per hour. To the extent that a Market Participant does not submit a new Offer Curve for a Resource identified in that Market Participant's Resource Plan as available for dispatch by the Transmission Provider, the Transmission Provider shall utilize the last valid Offer Curve submitted for the purposes of Resource dispatch.

- (b) If a Market Participant is determined to have an Offer Capped Resource pursuant to Section 3.2.2 of Attachment AF to this Tariff, then the provisions of Section 3.2.4 of Attachment AF to this Tariff shall apply to that Resource's submitted Offer Curves.
- (c) Offer Curves shall be submitted in accordance with the data formats and submittal procedures specified in the Market Protocols.

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2.6 Inadvertent Payback Schedules

The Transmission Provider shall maintain inadvertent accounts and administer inadvertent payback for all Control Areas participating in the SPP market. In doing so, SPP shall adhere to the following principles:

- (i) Inadvertent payback shall be administered in accordance with NERC criteria, applicable joint operating agreements, and Good Utility Practice; and
 - (ii) Inadvertent payback decisions shall be made without regard to possible profits or losses resulting from changes in energy costs over time.
- (a) Prior to implementation of the SPP Markets, the Transmission Provider shall establish, in consultation with each Control Area, its pre-market inadvertent interchange balance. After implementation of the SPP Markets, the Transmission Provider shall calculate the inadvertent payback schedules for each Control Area necessary to reduce these pre-market balances to zero over time. The Transmission Provider shall communicate these payback schedules to each affected Control Area. Such inadvertent payback schedules will be used in the calculation of the Control Areas Adjusted Net Scheduled Interchange value.
- (b) After implementation of the SPP Markets, there will be no inadvertent interchange within the SPP Market. SPP shall manage inadvertent interchange for the SPP Market. All deviations from schedules with Market Participants will be settled financially as part of the Imbalance Energy settlements process. Each hour SPP shall sum the difference between actual and schedule net interchange of all Control Areas within SPP to determine the SPP inadvertent interchange. To payback the inadvertent interchange, SPP shall create an obligation in the security constrained dispatch requirements.

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3. Hour-Ahead Period Activities

3.1 Modifying Resource Plans, Ancillary Service Plans, and Offer Curves

Following the close of the Day-Ahead Period, Market Participants may amend the information submitted during the Day-Ahead Period as follows:

- (a) Market Participants may submit new or revised Resource Plans for the next Operating Hour up to thirty minutes prior to the Operating Hour;
- (b) Market Participants may submit new or revised Energy Schedules to be approved by twenty minutes prior to the hour or beginning of the hour of the ramp. The last Energy Schedule approved as of twenty minutes prior to the hour or beginning of the hour of the ramp shall become final and shall be utilized to determine the Market Participant's Scheduled Generation and Scheduled Load for the purposes of calculating a Market Participant's Imbalance Energy for the applicable Operating Hour and Settlement Location.
- (c) Market Participants may submit new or revised Offer Curves up to thirty minutes prior to the Operating Hour. The last Offer Curve submitted as of thirty minutes prior to the Operating Hour shall become final and shall be utilized by the Transmission Provider in determining the dispatch of Energy Imbalance Service Resources and in the calculation of Locational Imbalance Prices for the applicable Operating Hour.
- (d) Market Participants may submit new or revised Ancillary Service Plans up to forty-five minutes prior to the Operating Hour.

3.2 Hour Ahead Resource Plan and Ancillary Service Plan Evaluation

Prior to the start of the Operating Hour, the Transmission Provider shall review the Resource Plans and Ancillary Service Plans using the same process described in Section 2.4.

4. Real-Time Period Activities

The following procedures and principles shall govern: (1) the dispatch of Resources made available to the Transmission Provider for the provision of Energy Imbalance Service, including provisions for deviations from dispatch instructions; (2) adjustments made during periods when reserves are activated; (3) procedures for coordinating TLR

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events and market operations; and (4) the calculation of Locational Imbalance Prices during the Real Time Period.

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4.1 Dispatch Process

- (a) Throughout the Operating Day, generally every 5 minutes, the Transmission Provider shall:
- (i) Perform a security constrained economic dispatch (SCED) for the SPP Region utilizing an optimization method to determine the least costly means of obtaining energy to serve the next increment of load based upon submitted Offer Curves, Resource operating data submitted as part of the Resource Plan, binding transmission constraints, forecasted SPP Region load and system conditions from the State Estimator;
 - (ii) Communicate to Market Participants dispatch instructions that specify the desired megawatt output of Dispatchable Resources based upon the security constrained economic dispatch solution;
 - (iii) Communicate to Market Participants dispatch instructions that specify the scheduled megawatt output of Self-Dispatched Resources based upon the sum of the Energy Schedules associated with that Self-Dispatched Resource accepted 20 minutes prior to the ramp; [\[Cite 73\]](#)
 - (iv) Communicate Manual Dispatch Instructions to Market Participants that specify the desired output of Dispatchable Resources and/or Self Dispatched Resources only in Emergency Conditions where such Emergency Conditions can not be resolved through the process described under Section 4.3 of Attachment AE; [Cite 73]
 - (v) Calculate an Adjusted Net Scheduled Interchange for each Control Area in the SPP Region to account for the Dispatchable Resource dispatch instructions, including any Manual Dispatch Instructions, [Cite 73] reserve sharing schedules, and inadvertent interchange payback schedules and communicate this Adjusted Net Scheduled Interchange to the Control Areas for implementation.

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Procedures for communication of dispatch instructions shall be specified in the Market Protocols.

- (b) In performing the security constrained economic dispatch under Section 4.1, the Transmission Provider shall ensure that the energy dispatch of Dispatchable Resources does not conflict with any specified provision of Schedule 3, Schedule 5 and Schedule 6 Service associated with said Dispatchable Resources. To accomplish this, the Transmission Provider shall limit the dispatchable energy range of Dispatchable Resources to between the Resource's Economic Minimum Limit and Economic Maximum Limit. [\[Cite 73\]](#) Details of the Dispatchable Resource dispatchable energy range adjustment shall be specified in the Market Protocols.

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- (c) If a Dispatchable Resource fails to follow the Transmission Provider's dispatch instructions communicated pursuant to Section 4.1(a)(ii) for six consecutive Dispatch Intervals, that Resource shall be considered a Self-Dispatched Resource until such time that the Market Participant Resource owner demonstrates to the Transmission Provider that such Resource is capable of following the Transmission Provider's dispatch instructions.
- (d) An acceptable operating tolerance will be defined for Dispatchable and Self-Dispatched Resources. A Resource shall be considered as following a dispatch instruction in a Dispatch Interval if the actual output of that Resource is within the acceptable operating range. Resources whose actual output falls outside this operating tolerance shall be considered as failing to follow a dispatch instruction. A Resource's acceptable operating range shall be defined by a high and low tolerance level calculated as follows subject to a minimum range of 5 megawatts above or 5 megawatts below the expected output level and a maximum acceptable operating range of 25 megawatts above or 25 megawatts below the expected output level:

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$$RH_i = \text{Max}(5, \text{Min}((EOL_i * DBP), 25)) + \text{REGUP}$$

$$RL_i = \text{Max}(5, \text{Min}((EOL_i * DBP), 25)) + \text{REGDN}$$

Where:

RH = Resource high operating tolerance or over generation limit (megawatt)

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RL = Resource low operating tolerance or under generation limit (megawatt)

EOL = The expected operating level for the Resource in megawatts as communicated in the Transmission Provider's dispatch instruction.

DBP = Dead band percentage for all Resources is initially set to 10 %,

REGUP = Regulation up service being maintained on the Resource as indicated in the Ancillary Service Plan (MW) for the Operating Hour.

REGDN = Regulation down service being maintained on the Resource as indicated in the Ancillary Service Plan (MW) for the Operating Hour.

i = Dispatch Interval within Operating Hour.

Resources providing Schedule 5 and Schedule 6 services shall be considered following dispatch instructions during any Dispatch Interval in which these Services have been deployed.

- (e) To the extent that a Resource is determined by the Transmission Provider to have failed to follow the Transmission Provider's dispatch instructions, such failure to follow dispatch instruction determination in accordance with the procedures set forth under Section 4.1(d) of this Attachment AE, the Market Participant owner of that Resource shall be subject to an Uninstructed Deviation Charge. Resources shall not be subject to Uninstructed Deviation Charges for any Uninstructed Deviation Megawatts caused by: (1) manual deployment of dispatch instructions by the Transmission Provider; (2) operating a Resource in Test Mode; (3)

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operation of a Resource in Start-up Mode or Shut-down Mode; (4) instances when a Resource trips after receiving dispatch instructions from the Transmission Provider or (5) the Resource is an Intermittent Resource. Uninstructed Deviation Charges shall be calculated by the Transmission Provider in accordance with Section 5.5 of this Attachment AE. The Transmission Provider may also waive Uninstructed Deviation Charges to the extent a Market Participant can demonstrate such deviation was caused solely by events or conditions beyond its control, and without the fault or negligence of the Market Participant.

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- (f) In the event of a system failure related to the SPP EIS Market systems or Market Participant systems providing data to SPP that impact Transmission Provider's ability to calculate dispatch instructions for a Resource or Resources, the Transmission Provider will suspend the calculation of dispatch instructions for such Resources and treat them as Self-Dispatched Resources until the calculations of dispatch instructions can be restored.

4.2 Reserve Sharing Schedules [\[Cite 96\]](#)

- (a) In order to activate the Reserve Sharing System, the Balancing Authority shall notify the Transmission Provider in accordance with Section 6.4.2 of the SPP Criteria. Balancing Authorities must activate the Reserve Sharing System on a non-discriminatory basis for all Resources within their Balancing Authority Area.

- (b) The Transmission Provider will activate operating reserves in accordance with the Ancillary Service Plans, SPP Criteria and all applicable reserve sharing agreements. The Transmission Provider shall calculate the interchange schedules for each Balancing Authority Area necessary to implement a reserve sharing activation in accordance with the SPP Criteria. The Transmission Provider shall communicate these interchange schedules to each affected Balancing Authority and such schedules will be

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used in the calculation of the Balancing Authority Area's Adjusted Net Scheduled Interchange.

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(c) Market Participants may submit an Energy Schedule to the Transmission Provider in relation to a reserve sharing activation in one of the following methods:

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- i. In response to a reserve sharing agreement being activated, Market Participants may enter an Energy Schedule for a specific Resource so that it is dispatched to provide reserve energy for the event.
- ii. Prior to real-time, Market Participants may supply a default distribution that will be used by the Transmission Provider to automatically generate Energy Schedules for the Market Participant's Resources such that they will be dispatched according to these schedules in the event of a reserve activation.
- iii. Market Participants may override a default distribution by entering an Energy Schedule for a specific Resource.

To the extent that no Energy Schedules are submitted in response to the activation of a reserve sharing agreement, the Transmission Provider shall issue dispatch instructions to Resources scheduled to provide Ancillary Services in accordance with the limits set forth in the Offer Curves and Ancillary Service Plans for such Resources.

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(d) Market Participants may revise Energy Schedules submitted in relation to a reserve sharing event after the fact to account for differences between actual operations and the original schedules. Such revisions must be submitted no later than 0100 three days after the Operating Day in which the event occurred. After this time, Energy Schedules are final and shall be used in the calculation of the Market Participant's Imbalance Energy.

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(d) The Transmission Provider shall facilitate the settlement and billing for reserve sharing group arrangements in accordance with Attachment AK.

4.3 Coordination of Market Operations under TLR Conditions [\[Cite 75\]](#)

The Transmission Provider shall use the following process to coordinate the operations of the Energy Imbalance Market during times when a TLR event is declared to manage congestion on one or more flowgates:

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- (a) The Transmission Provider shall identify schedules in the NERC IDC that are also included in Market Flows.
- (b) The Transmission Provider shall submit the Market Flow impact on each Coordinated Flowgate and Reciprocal Coordinated Flowgate to the NERC IDC. The Market Flow impact on each flowgate shall include the aggregate MW flow impacts of the following schedules on the identified flowgate:
- i. Energy Schedules relating to native load for which no tag has been identified;
 - ii. Energy Schedules entirely within a Balancing Authority Area for which a tag has been identified and where the source is either a Dispatchable Resource or Self-Dispatched Resource; and
 - iii. Energy Schedules between Balancing Authority Areas for which a tag has been identified where the source is a Dispatchable Resource or Load Settlement Location and the sink is a Load Settlement Location.
- (c) The Transmission Provider shall assign curtailment priorities to the Energy Schedules causing Market Flow on each flowgate using the identified tags, or for an Energy Schedule associated with native load using an assumed Network Service tag, and in the following priority categories:
- i. Curtailment priorities for flowgates that have not been defined as a Coordinated Flowgate or a Reciprocal Coordinated Flowgate shall be assigned in accordance with NERC TLR procedures.
 - ii. For Coordinated Flowgates, the Transmission Provider will assign Market Flow in the Firm priority up to the Firm limit with any excess Market Flow assigned as Non-Firm Network.
 - iii. For Reciprocal Coordinated Flowgates, the Transmission Provider will divide its Market Flows into Firm, Non-Firm Network, and Non-Firm Hourly curtailment priorities. The Transmission Provider will first assign Market Flow in the Firm priority up to the Firm limit, then

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(d) . The Transmission Provider shall achieve the required reduction in Market Flows using the following order until the desired reduction in Market Flows is achieved:¶

i. Dispatchable Resources will be redispatched to eliminate Market Flows associated with Market Schedules and any impact on Locational Imbalance Prices will be calculated per Section 4.4.

ii. . Physical Schedules will be curtailed based on curtailment priority and the generation shift factor associated with the Self-Schedule Resource. The Transmission Provider shall make available to Market Participants the generation shift factors for their Resources. ¶

(e) The Transmission Provider shall notify Market Participants

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assign remaining Market Flow in the Non-firm Network priority up to the Non-firm Network limit, and finally assign any excess Market Flow as Non-firm Hourly.

- (d) The Market Flow contribution associated with Energy Imbalance Service shall be determined by the Transmission Provider by subtracting the Market Flow associated with the Energy Schedules defined in Section 4.3(b) within that priority level defined in Section 4.3(c) from the total calculated Market Flow for that priority. For Coordinated Flowgates, any Market Flow contribution of Energy Imbalance Service in excess of that assigned to the Firm priority shall be assigned a Non-Firm Priority. For Reciprocal Coordinated Flowgates, any Market Flow contribution of the Energy Imbalance Service in excess of amounts assigned to Firm or Non-Firm Network priorities shall be assigned a Non-Firm Hourly priority.
- (e) When congestion occurs on a flowgate that requires a TLR event, the NERC IDC will prescribe curtailments for tags of all Physical Schedules and identify the amount of relief required from Market Flows on the Coordinated Flowgate or Reciprocal Coordinated Flowgate.
- (f) The Transmission Provider shall achieve the required reduction in Market Flows provided by the NERC IDC using its security constrained dispatch software and curtailment/adjustment tool ("CAT"), which curtails schedules identified in Sections 4.3(c) and 4.3(d) in the following order until the desired reduction in Market Flows is achieved:
- i. To the extent that Market Flows are contributing to the constrained condition, the Transmission Provider shall restrict the ability of the market operating system from contributing further to the constrained condition by binding the Coordinated Flowgate or Reciprocal Coordinated Flowgate constraint. The security constrained dispatch of Dispatchable Resources shall continue within each priority level until the Market Flows within that priority level have been reduced to zero or the flowgate constraint is eliminated, which ever comes first. Any

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impact on Locational Imbalance Prices will be calculated per Section 4.4 of Attachment AE.

- ii. Simultaneously with the security constrained dispatch of Dispatchable Resources that contribute to Market Flows, the CAT shall determine if sufficient Energy Imbalance Service exists to achieve the desired Market Flow relief. If there is an insufficient amount of Energy Imbalance Service to achieve the desired Market Flow relief, CAT shall curtail the remaining schedules identified in Section 4.3(c) impacting the Coordinated Flowgate or Reciprocal Coordinated Flowgate, using their assigned priority level, starting from lowest priority to highest, until the desired Market Flow reduction is achieved or until all such schedules in that priority have been reduced to zero. During this curtailment process, CAT also adjusts the Scheduled Generation of Resources, to the extent that such Resources need to be dispatched below their scheduled amount to achieve the desire Market Flow relief, and such adjusted Scheduled Generation shall be used for settlement purposes. The impact of schedule curtailments on Locational Imbalance Prices will be realized as soon as the changes to Self-Dispatched Resource schedules resulting from the curtailments are reflected within the EIS Market dispatch software and Locational Imbalance Prices shall continue to be calculated in accordance with Section 4.4.

(g) The Transmission Provider shall notify each Market Participant of the aggregate curtailments it is required to make and the generation shift factor associated with their Resources for the constrained flowgates.

(h) The Transmission Provider shall notify each Market Participant if a curtailment is expected to continue into the next Operating Hour. Market Participants may revise their Energy Schedules or operating schedule for Self-Dispatched Resources for the next Operating Hour so long as they maintain the required reduction level in Market Flows required.

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4.4 Calculation of Locational Imbalance Prices

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A Locational Imbalance Price shall be calculated for each Meter Settlement Location and shall be calculated as the market clearing price at that location based on the security constrained economic dispatch, the Dispatchable Resource Offer Curve prices and resource characteristics submitted by Market Participants and data from the State Estimator. The following rules will be used in calculating the Locational Imbalance Prices:

- (a) Locational Imbalance Prices are calculated by the Transmission Provider for each Dispatch Interval as part of the security constrained dispatch solution described under Section 4.1. In performing these calculations, Dispatchable Resources will be eligible to set the Locational Imbalance Price under the following conditions:
- i The Dispatchable Resource must be operating below its maximum capacity limit, such limit as adjusted in accordance with Section 4.1(b);
 - ii The Dispatchable Resource must be operating above its minimum capacity limit, such limit as adjusted in accordance with Section 4.1(b); and
 - iii The Dispatchable Resource output must not be ramp rate constrained such that the Dispatchable Resource cannot achieve the optimal desired dispatch point under the economic dispatch.

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Self-Dispatched Resources are not eligible to set the Locational Imbalance Price.

- (b) The Transmission Provider shall calculate Locational Imbalance Prices for use in settlement as follows:
- (i) A Locational Imbalance Price shall be calculated for each Meter Settlement Location for every Dispatch Interval.
 - (ii) The Locational Imbalance Price for a load Settlement Location for a Dispatch Interval within the Operating Hour shall be equal to the load weighted average of Locational Imbalance Prices calculated for Meter Settlement Locations aggregated to that Settlement

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Location for that Dispatch Interval. The load weights utilized in this calculation shall be based upon the actual real-time load calculated at each Meter Settlement Location by the State Estimator in that Dispatch Interval. For Resources, the Locational Imbalance Price for a Resource Settlement Location for a Dispatch Interval shall equal the Locational Imbalance Price calculated for the Meter Settlement Location for the Resource.

- (iii) The Locational Imbalance Price at a Settlement Location and a Meter Settlement Location for an Operating Hour shall be equal to the arithmetic average of the Locational Imbalance Prices calculated for each Dispatch Interval at that Settlement Location or Meter Settlement Location within that Operating Hour. No later than fifteen minutes following each Operating Hour, the Transmission Provider shall post the Locational Imbalance Prices for each Settlement Location and Meter Settlement Location for that Operating Hour on its website and shall indicate in that posting which Meter Settlement Locations were utilized in the calculation of Locational Imbalance Prices for each aggregated load Settlement Location. [Cite 113]

- (c) In the event that a failure of SPP's EIS Market systems results in a loss of data required for calculation of Locational Imbalance Prices, Imbalance Energy will continue to be settled financially under this Tariff based upon

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estimated Locational Imbalance Prices. The Transmission Provider shall notify Market Participants if Imbalance Energy is to be settled using estimated prices. The estimated Locational Imbalance Prices shall be calculated as follows.

- (i) If Locational Imbalance Pricing data is missing for two hours or less, the most recently calculated Locational Imbalance Prices for each affected Settlement Location shall be utilized for settlement purposes for each of the hours in which Locational Imbalance Pricing data is missing.
- (ii) If more than two hours of Locational Imbalance Pricing data is missing, the Locational Imbalance Prices for each hour for which data is missing shall be calculated on a Zone basis based upon the cost associated with the provision of Schedule 4 Service. The cost associated with provision of Schedule 4 Service shall be computed as the greater of (1) actual cost of the highest-cost MWh of energy procured for the purposes of providing Schedule 4 Service, if such energy was procured; or (2) the fuel cost and other variable costs associated with the production of the highest-cost MWh of energy produced for the purpose of providing Schedule 4 Service, such costs not to include opportunity costs. SPP must specifically request the Schedule 4 Service cost information from affected Zone suppliers and the affected Zone suppliers must provide the requested cost information to SPP no later than 24 hours after the request is made.

4.5 Locational Imbalance Price Corrections [Cite 29]

If Locational Imbalance Price corrections are required due to software errors and/or data input errors, the Transmission Provider shall impose corrective measures and take immediate action to remedy such errors in accordance with the following and shall recalculate Locational Imbalance Prices in accordance with the following procedures.

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(a) Notice to Market Participants and the public

In any Operating Hour for which the Transmission Provider reasonably believes that a software error or data input error will require correction of one or more Locational Imbalance Prices, the Transmission Provider shall post on its OASIS and website as soon as reasonably practicable a notice that a price correction may be required for that Operating Hour. When the Transmission Provider is aware in advance that a price correction will be required for an Operating Hour, the Transmission Provider shall post a notice of a proposed correction, and if possible a description of the proposed action, prior to the deadline for Resource Plan and Offer Curve submittal for such Operating Hour. If the circumstances do not permit advance notice, the Transmission Provider shall post a notice no later than 5:00 p.m. on the Calendar Day following the day in which the hour occurs for which Locational Imbalance Prices would be affected by the contemplated price correction.

Prior to making a price correction, if reasonably possible, SPP must post on its OASIS and website a description of its proposed price correction. In any event, the Transmission Provider must post a description of the proposed price correction within five Calendar Days after the date on which a notice of a price correction is posted. If a description of the proposed price correction is not posted within such period, the notice of proposed price correction shall be deemed to be withdrawn. If the Transmission Provider determines that a price correction is not necessary, it shall withdraw the notice of possible price correction from its OASIS and website as soon as reasonably practicable. If the Transmission Provider identifies the need to make a Locational Imbalance Price

(b) Price Corrections Identified After the End of the Notice Period

If the Transmission Provider identifies software or data input errors requiring a price correction, but does not (a) post a notice of price

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correction or (b) post a description of the proposed price correction within the required time periods, the Transmission Provider shall request Commission approval prior to making the necessary price correction.

(c) Process for Recalculating Prices

The Transmission Provider shall recalculate Locational Imbalance Prices in a manner that reflects, as closely as reasonably practicable, the Locational Imbalance Prices that would have resulted but for the software or data input error, and such recalculated Locational Imbalance Prices shall serve as the basis for settlement.

(d) Market Participant Compensation

If recalculated Locational Imbalance Prices result in Locational Imbalance Prices for Dispatchable Resources that are less than that Market Participant's Offer Curve price for those Dispatchable Resources and Imbalance, the Transmission Provider shall calculate an affected Market Participant's Recalculated LIP Credit for each affected Dispatchable Resource with negative Imbalance Energy as follows:

$$\begin{aligned} &\text{Recalculated LIP Credit} = \text{Resource Imbalance Energy} * \\ &\text{(Offer Curve price} - \text{recalculated Locational Imbalance} \\ &\text{Price)} \end{aligned}$$

If recalculated Locational Imbalance Prices result in Locational Imbalance Prices for Dispatchable Resources that are greater than that Market Participant's Offer Curve price for those Dispatchable Resources and the actual output of such Dispatchable Resources is less than it otherwise would have been absent the price correction, the Transmission Provider shall calculate an affected Market Participant's Recalculated LIP Credit as follows:

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Recalculated LIP Credit = maximum of [(Adjusted Dispatch – actual output), 0] * (Offer Curve price – recalculated Locational Imbalance Price), where the Adjusted Dispatch equals the lesser of the Dispatchable Resource’s Scheduled Generation or its projected output level at the recalculated Locational Imbalance Price.

5. EIS Settlement Activities

5.1 Calculation of EIS Market Settlement Quantities

The Transmission Provider shall calculate each Market Participant’s Imbalance Energy megawatt per hour amounts for each hour at each Settlement Location as follows. The settlement interval for Imbalance Energy shall be an Operating Hour.

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- (a) The sum of the Reported Load within a Settlement Area must equal the Settlement Area Net Load. To the extent that the Transmission Provider observes that a difference exists, the Transmission Provider shall adjust each Market Participant's Reported Load within the Settlement Area such that the sum of Reported Load within the Settlement Area is equal to the Settlement Area Net Load. The adjustments to Reported Load within the Settlement Area shall be performed by the Transmission Provider utilizing profiled data and interval meter data load weighted allocation factors as described in the Market Protocols. The load weighted allocation factors within a Settlement Area associated with profiled data and interval meter data shall be calculated based upon an 80% weighting factor for profiled data and a 20% weighting factor for interval metered data. The load weighted allocation factors shall be calculated as follows:
- (i) The profiled data allocation factor (PDAF) for the Settlement Area shall be:
- $$\text{PDAF} = (.80 \times \text{total profiled load in Settlement Area}) \text{ divided by;} \\ ((.80 \times \text{total profiled load in Settlement Area}) + (.20 \times \text{total interval load in Settlement Area})); \text{ and}$$
- (ii) The interval data allocation factor (IDAF) for the Settlement Area shall be equal to $(1 - \text{PDAF})$;
- (b) A Market Participant's Imbalance Energy for each Resource at each Settlement Location shall be equal to the difference between that Market Participant's actual net generation for that Resource at that Settlement Location and that Market Participant's Scheduled Generation for that Resource at that Settlement Location.
- (c) A Market Participant's Imbalance Energy for each load at each Settlement Location shall be equal to the difference between that Market Participant's Reported Load at that Settlement Location and that Market Participant's Scheduled Load at that Settlement Location.

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5.2 Energy Imbalance Service Charges/Credits

The Transmission Provider shall calculate each Market Participant's Energy Imbalance Service Charge/Credit for each hour at each Settlement Location as follows.

- (a) A Market Participant's Energy Imbalance Service Charge/Credit at each Settlement Location shall be equal to that Market Participant's Imbalance Energy at that Settlement Location multiplied by the Locational Imbalance Price for that Settlement Location.
- (b) A Market Participant's Net Energy Imbalance Service Charge/Credit shall be equal to the sum of that Market Participant's Settlement Location specific Energy Imbalance Service Charges/Credits.

5.3 Under Scheduling Charges [\[Cite 57\]](#)

During any hour, if the Transmission System was constrained causing Locational Imbalance Prices to diverge and a Market Participant's Scheduled Load was less than 96% of that Market Participant's Reported Load at an applicable Settlement Location in that hour and the difference between that Market Participant's Reported Load and Scheduled load at that Settlement Location in that hour was greater than 2 megawatts, that Market Participant may be subject to an Under Scheduling Charge. Once the above ~~conditions have been satisfied, the~~ Transmission Provider shall calculate any applicable Under Scheduling Charges for that Market Participant as follows.

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- (a) The Transmission Provider shall sort the Market Participant's Resources with negative Imbalance Energy in ascending order according to each Resource's Locational Imbalance Price.
- (b) The Transmission Provider shall sort the Market Participant's load with positive Imbalance Energy in ascending order according to each load's Locational Imbalance Price and shall include only those loads with positive Imbalance Energy resulting from Scheduled Load at that Settlement Location that is less than 96% of Reported Load at that Settlement Location and where such Imbalance Energy is greater than 2 megawatts.

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- (c) Utilizing the sorted lists developed under Sections 5.3(a) and 5.3(b) [\[Cite 235\]](#) of this Attachment AE and starting with the Resource with the lowest Energy Imbalance Price, the Transmission Provider shall match each Resource's Imbalance Energy against that Market Participant's load Imbalance Energy, starting with the load Imbalance Energy with the lowest associated Locational Imbalance Price, until all of the load Imbalance Energy has been accounted for or until no additional Resources remain.
- (d) A Market Participant's Over Scheduling Charge, for each Resource identified under Section 5.4(c) of this Attachment AE as being required to satisfy that Market Participant's load Imbalance Energy, shall be calculated as follows. This calculation is only performed for Resources that have a Locational Imbalance Price that is less than the Locational Imbalance Price of the associated load Settlement Location.

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Resource Under Scheduling Charge = (RLIP - LLIP) * Resource Imbalance Energy,

where

RLIP = Locational Imbalance Price at the Resource's Settlement Location,

LLIP = Location Imbalance Price of the associated load Settlement Location,

Resource Imbalance Energy = the amount of that Resource's Imbalance Energy required to offset the Market Participant's load Imbalance Energy as calculated under Section 5.4(c).

5.4 Over Scheduling Charges [\[Cite 57\]](#)

During any hour, if the Transmission System was constrained causing Locational Imbalance Prices to diverge and if a Market Participant's Scheduled Load is greater than 104% of that Market Participant's Reported Load at an applicable Settlement Location in that hour and the difference between that Market

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Participant's Scheduled Load and Reported Load at that Settlement Location in that hour was greater than 2 megawatts, that Market Participant may be subject to an Over Scheduling Charge. Once the above two conditions have been satisfied, the Transmission Provider shall calculate any applicable Over Scheduling Charges for each hour for that Market Participant as follows.

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- (a) The Transmission Provider shall sort the Market Participant's Resources with positive Imbalance Energy in descending order according to each Resource's Locational Imbalance Price.
- (b) The Transmission Provider shall sort the Market Participant's loads with negative Imbalance Energy in descending order according to each load's Locational Imbalance Price and shall include only those loads with negative Imbalance Energy resulting from Scheduled Load at that Settlement Location that is greater than 104% of Reported Load at that Settlement Location and where the absolute value of such Imbalance Energy is greater than 2 megawatts.
- (c) Utilizing the sorted lists developed under Sections 5.4(a) and 5.4(b) of this Attachment AE and starting with the Resource with the highest Locational Imbalance Price, the Transmission Provider shall match each Resource's Imbalance Energy against that Market Participant's load Imbalance Energy, starting with the load Imbalance Energy with the highest associated Locational Imbalance Price, until all of the load Imbalance Energy has been accounted for or until no additional Resource's remain.
- (d) A Market Participant's Over Scheduling Charge, for each Resource identified under Section 5.4(c) of this Attachment AE as being required to satisfy that Market Participant's load Imbalance Energy, shall be calculated as follows. This calculation is only performed for Resources that have a Locational Imbalance Price that is less than the Locational Imbalance Price of the associated load Settlement Location.

$$\text{Resource Over Scheduling Charge} = (\text{LLIP} - \text{RLIP}) * \text{Resource Imbalance Energy},$$

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where,

RLIP = Locational Imbalance Price at the Resource's Settlement Location,

LLIP = Location Imbalance Price of the associated load Settlement Location,

Resource Imbalance Energy = the amount of that Resource's Imbalance Energy required to offset the Market Participant's load Imbalance Energy as calculated under Section 5.4(c).

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5.5 Uninstructed Deviation Charges

The Transmission Provider shall calculate Uninstructed Deviation Charges for each hour in which a Resource has been determined to have failed to follow the Transmission Provider's dispatch instructions. For each Resource, whether a Dispatchable Resource or Self-Dispatched Resource, [Cite 81] that failed to follow dispatch instructions in accordance with the procedures set forth under Section 4.1(d) of this Attachment AE, the Transmission Provider shall calculate an Uninstructed Deviation Charge as follows:

- (a) For each Dispatch Interval in an Operating Hour, if a Resource's actual output is greater than $(EOL + RH)$, then that Resource's Uninstructed Deviation Megawatt in that Dispatch Interval is equal to the actual output - $(EOL + RH)$, where EOL and RH are as defined under Section 4.1(d) of this Attachment AE;
- (b) For each Dispatch Interval in an Operating Hour, if a Resource's actual output is less than $(EOL - RL)$, then that Resource's Uninstructed Deviation Megawatt in that Dispatch Interval is equal to the actual output - $(EOL - RL)$, where EOL and RL are as defined under Section 4.1(d) of this Attachment AE;
- (c) For each Dispatch Interval in the Operating Hour, if a Resource's actual output is within the acceptable operating range as defined in Section 4.1(d) that Resource's Uninstructed Deviation Megawatt in that Dispatch Interval is equal to zero;

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- (d) For each Operating Hour, the Transmission Provider shall calculate an Hourly Uninstructed Deviation Megawatt for each Resource that is equal to the average of the absolute value of the Uninstructed Deviation Megawatts calculated for each Dispatch Interval for each Resource in that Operating Hour.
- (e) For each Operating Hour and for each Resource, the Transmission Provider shall calculate an Uninstructed Deviation Charge:

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Uninstructed Deviation Charge = (Min (Hourly Uninstructed Deviation Megawatt, 25) * 10 % + (Max (0 ,Hourly Uninstructed Deviation Megawatt – 25) * 25 %)) * the absolute value of the [Cite 82]Resource Locational Imbalance Price.

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- (f) For each Operating Hour, a Market Participant's Uninstructed Deviation Charge shall be equal to the sum of that Market Participant's Resources' related Uninstructed Deviation Charges.

5.6 Revenue Neutrality

To the extent that the sum of all charges calculated under Sections 5.2, 5.3, 5.4 and 5.5 is not equal to the sum of all credits calculated under Sections 4.5(d) and 5.2 [Cite 235] for any hour in the Operating Day, the Transmission Provider shall perform the following calculations for each applicable hour of the Operating Day for each Market Participant such that the total charges are equal to the total credits in each applicable hour.

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- (a) For each hour, the system Net Energy Imbalance Service Charge/Credit shall be equal to the sum of all Market Participant Net Energy Imbalance Service Charge/Credits.
- (b) For each hour, a Market Participant shall have an Energy Imbalance Service Uplift Obligation at each Settlement Location that is equal to the sum of the absolute value of that Market Participant's actual net generation at that Settlement Location, the absolute value of that Market Participant's Reported Load at that Settlement Location, the absolute

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value of that Market Participant's bilateral transaction purchases external to the SPP Region at that Settlement Location and the absolute value of that Market Participant's bilateral transaction sales external to the SPP Region at that Settlement Location.

- (c) For each hour, each Market Participant's Energy Imbalance Uplift Charge/Credit at each Settlement Location shall be equal to that Market Participant's pro-rata share of the sum of all Market Participant Energy Imbalance Service Uplift Obligations for all Settlement Locations as calculated pursuant to Section 5.6 [Cite 235]

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multiplied by the system Net Energy Imbalance Service Charge/Credit as calculated pursuant to Section 5 ~~6(a)~~. [\[Cite 235\]](#)

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- (e) The system Over Scheduling Charge shall be equal to the sum of all Market Participants' Over Scheduling Charges.
- (f) The system Under Scheduling Charge shall be equal to the sum of all Market Participants' Under Scheduling Charges.
- (g) The system Uninstructed Deviation Charge shall be equal to the sum of all Market Participants' Uninstructed Deviation Charges.

~~(h) The system Recalculated LIP Credit shall be equal to the sum of all Market Participants' Recalculated LIP Credits. [\[Cite 29\]](#)~~

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~~(i) A Market Participant's Energy Imbalance Uplift Charge/Credit in an hour shall be equal to the sum of that Market Participant's Settlement Location specific Energy Imbalance Uplift Charges/Credits in that hour, plus [the system Over Scheduling Charge in that hour + the system Under Scheduling Charge in that hour + the system Uninstructed Deviation Charge in that hour + the system Recalculated LIP Credit] multiplied by (the sum of that Market Participant's Energy Imbalance Service Uplift Obligation over all Settlement Locations in that hour / the sum of all Market Participant's Energy Imbalance Service Uplift Obligations over all Locations in that hour).~~

~~(j) For one year following the EIS Market Effective Date, the Transmission Provider shall post on its website on a monthly basis, by Operating Hour, the net of all Energy Imbalance Uplift Charges/Credits and each of the following charge types for that hour:~~

~~(1) the net of all Net Energy Imbalance Service Charges/Credits;~~

~~(2) the sum of all Uninstructed Deviation Charges;~~

~~(3) the sum of all Over Scheduling Charges;~~

~~(4) the sum of all Under Scheduling Charges;~~

~~(5) the sum of all Recalculated LIP Credits; and~~

~~(6) by charge type, the net of any other credits or charges not encompassed within (1) through (5).~~

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Information for a month shall be posted no later than the 15th day of the succeeding month and shall be posted in a programmatic interface format.[Cite 128, PRR077]

6. Billing

The Transmission Provider shall prepare a billing statement each billing cycle in accordance with this Section of Attachment AE. Such billing statements shall be prepared for each Market Participant in accordance with the charges and credits specified in Section 5 of this Attachment AE, and showing the net amount to be paid or received by the Market Participant. Billing statements shall provide sufficient detail, as specified in the Market Protocols, to allow verification of the billing amounts and completion of the Market Participant's internal accounting. Unresolved billing disputes shall be settled in accordance with procedures specified in Section 12 of this Tariff.

6.1 Settlement Statements

- (a) The Transmission Provider shall issue a preliminary settlement statement for an Operating Day no later than 5 Calendar Days following the applicable Operating Day unless the 5th day following the applicable

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- Operating Day is not a Business Day, in which case, the preliminary settlement statement shall be issued on the first Business Day thereafter.
- (b) The Transmission Provider shall issue a final settlement statement for an Operating Day no later than 44 Calendar Days following the applicable Operating Day unless the 44th Calendar Day following the applicable Operating Day is not a Business Day, in which case, the final settlement statement shall be issued on the first Business Day thereafter.
 - (c) The Transmission Provider shall make corrections to the preliminary and final settlement statements for an Operating Day for data errors and settlement statement disputes that have been resolved. Settlement associated with a specific Operating Day shall be considered final at the end of the 365th Calendar Day following the applicable Operating Day.
 - (d) To the extent that a Market Participant, or its designated meter agent, does not submit meter data representing that Market Participant's actual hourly Resource output and load consumption in accordance with the timelines specified in the Market Protocols, the Transmission Provider shall use estimated data for that Market Participant that is equal to that Market Participant's Scheduled Generation and Scheduled Load for the applicable hours for the purposes of calculating the preliminary statements specified under Sections 6.1(a). In the event that actual meter data is not submitted prior to the issuance of a final settlement statement, the Transmission Provider shall use the best available data to it, which may include estimated meter data as developed by the Transmission Provider, for the purposes of calculating final settlement statements..

6.2 Invoices

- (a) The Transmission Provider shall issue an invoice detailing all charges and credits specified in Section 5 of this Attachment AE on a weekly basis in accordance with the invoice issue dates specified in the Market Protocols.
- (b) The Transmission Provider shall make payments to the Market Participant for any net credit shown on the invoice and the Market Participant shall make payment to the Transmission Provider for any net charge shown on

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the invoice, including disputed amounts. Resolution of disputed amounts shall be shown as an adjustment on future invoices.

- (c) Market Participants shall make payment to the Transmission Provider that is equal to the net charge shown on the invoice by no later than 5:00 pm Central Prevailing Time on the 3rd Business Day following the day the invoice was issued.
- (d) The Transmission Provider shall make payment to the Market Participant that is equal to the net credit shown on the invoice by no later than 5:00 pm Central Prevailing Time on the 5th Business Day following the day the invoice was issued subject to the procedures specified under Section V of Attachment L.
- (e) All payments to the Market Participant and all payments to the Transmission Provider shall be made by electronic funds transfer in U.S. dollars.

6.3 Invoice Disputes

In the event that a dispute arises between the Market Participant and the Transmission Provider concerning any initial or final settlement statements contained within an invoice that cannot be resolved to the Market Participant's satisfaction, such disputes shall be resolved as follows:

- a) The Market Participant must notify the Transmission Provider within 30 Calendar Days following the issue date of the applicable invoice that contains the final settlement statement with items that the Market Participant wishes to dispute. The notice of dispute must contain the following minimum information: [\[Cite 123\]](#)

- Statement type (Initial, Final, Resettlement 1-11)
- Charge type
- Estimated dispute amount in dollars
- Operating Day
- Start interval
- End interval
- Statement ID
- Transmission Customer
- Settlement Location

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- [Long description](#)
- [Short description](#)

No items associated with a final settlement statement contained within an invoice may be disputed after ~~90~~ [\[Cite 124\]](#) Calendar Days following the issuance of the invoice except as specified under subsection 6.3(b).

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- (b) If the Transmission Provider determines that additional information is required concerning a submitted notice of dispute, the Transmission Provider shall notify the Market Participant no later than 30 days following the date the notice of dispute was submitted to the Transmission

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Provider. The Market Participant must then submit additional information to the Transmission Provider within 30 days in order to have the notice of dispute considered valid.

- (c) The Transmission Provider shall use its best efforts to notify the Market Participant of approval or denial of the submitted notice of dispute within 20 Business Days following the close of the applicable 30 day window specified under subsection 6.3(a) or subsection 6.3(b). If the Transmission Provider estimates that it will take longer than the 20 Business Day window to analyze a specific billing dispute, the Transmission Provider shall notify the Market Participant and provide an estimate of the amount of time required to complete the analysis.
- (d) If the Transmission Provider denies a Market Participant's notice of dispute or the Market Participant is not satisfied that it is receiving timely consideration of the dispute, the Market Participant may initiate the dispute resolution procedures specified under Section 12 of this Tariff.

6.4 Interest on Unpaid Balances

Interest on any unpaid amounts shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the invoice to the date of payment.

6.5 Customer Default

Customer default will be handled in accordance with Attachment X (SPP Credit Policy).

7. Confidentiality Provisions

This Section 7 shall apply to Confidential Information disclosed by a Market Participant to SPP or by SPP to a Market Participant or its designee, the Market Monitor, the Commission, or an Authorized Requestor and shall only be applicable to Confidential Information referenced within this Attachment AE, Attachment AF and Attachment AG.

7.1 Restrictions on Confidential Information Provided to Receiving Party

SPP or any Market Participant ("Receiving Party") may not Disclose Confidential Information received from the other ("Disclosing Party") to any person,

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corporation, or any other entity except as specifically permitted in this Section 7 of Attachment AE.

A Market Participant that is subject to a freedom of information or similar statute must, prior to receiving Confidential Information, provide the Transmission Provider a statement identifying and forwarding copies of the particular statute, rule or regulation, protective order, or practice that will allow that Market Participant to keep Confidential Information received by it hereunder confidential and non-public, and of limited distribution within the Market Participant as described above. In the event that such Market Participant receives a request pursuant to the applicable freedom of information or similar statute for information deemed confidential pursuant to this section, the Market Participant shall promptly notify the Disclosing Party of such request.

7.1.1 Procedures for Confidential Information

Receiving Party shall adopt procedures within its organization to maintain the confidentiality of all Confidential Information. Such procedures must provide that:

- (a) The Confidential Information will be Disclosed to Receiving Party's directors, officers, employees, representatives and agents only on a "need to know" basis;
- (b) Receiving Party shall make its directors, officers, employees, representatives and agents aware of Receiving Party's obligations under this Section 7;
- (c) Receiving Party shall cause any copies of the Confidential Information that it creates or maintains, whether in hard copy, electronic format, or other form, to identify the Confidential Information as such; and to retain such confidential marking;
- (d) Before Disclosing Confidential Information to a representative or agent of Receiving Party, Receiving Party shall require a nondisclosure agreement with each such representative or agent.

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Such nondisclosure agreement shall contain confidentiality provisions substantially similar to the terms of this Section 7.

Any Receiving Party seeking to dispute the designation of information as confidential may challenge such designation through the SPP dispute resolution process as established in Section 12 of this Tariff, unless the Receiving Party has received Confidential Information in connection with a proceeding at the Commission or in connection with a state regulatory proceeding. Any challenge to the confidentiality of Confidential Information obtained in connection with an administrative or legal proceeding shall be presented for consideration to the appropriate court or tribunal.

7.1.2 Exceptions

Without violating the confidentiality provisions of this Section 7, a Receiving Party may disclose certain Confidential Information:

- (a) As required by any law, regulation, or order, or expressly required or permitted by this Tariff, provided that the Receiving Party must make reasonable efforts to restrict public access to the Disclosed Confidential Information by protective order, by aggregating information, or otherwise if reasonably possible; or
- (b) If the Disclosing Party that supplied the Confidential Information to the Receiving Party has given its prior written consent to the Disclosure as set forth in Subsection 7.1.4(c), which consent may be given or withheld in Disclosing Party's sole discretion; or
- (c) If, before it is furnished to Receiving Party, the Confidential Information is in the public domain; or
- (d) If, after it is furnished to Receiving Party, the Confidential Information enters the public domain other than through a manner inconsistent with the provisions of this Section; or
- (e) If reasonably deemed by the Receiving Party to be required to be Disclosed in connection with a dispute between Receiving Party and Disclosing Party; provided that the Receiving Party must make

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reasonable efforts to restrict public access to the Disclosed Confidential Information by protective order, by aggregating information, or otherwise if reasonably possible; or

- (f) To a ~~[Cite 217]~~ vendor or prospective vendor of goods and services to SPP so long as such vendor or prospective vendor: (i) is not a Market Participant and (ii) executes a confidentiality agreement with terms substantially similar to those in this Section 7.

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7.1.3 Injunctive Relief and Specific Performance

It may be impossible or very difficult to measure in terms of money the damages that would accrue due to any breach by Receiving Party of this Section 7, or any failure to perform any obligation contained in this Section 7, and, for that reason, among others, a Disclosing Party affected by a Disclosure or threatened Disclosure is entitled to injunctive relief, including specific performance, of this Section 7 (but is not hereby precluded from seeking other forms of relief). In the event that a Disclosing Party institutes any proceeding to enforce any part of this Section 7, the affected Receiving Party, by entering any agreement incorporating this Tariff, now waives any claim or defense that an adequate remedy at law exists for such a breach.

7.1.4 Market Participant Access and SPP Use of Confidential Information

- (a) No Market Participant shall have a right hereunder to receive or review any documents, data, or other information of another Market Participant, including documents, data, or other information provided to SPP, to the extent such documents, data, or information have been designated as Confidential Information under this Section 7; provided, however, a Market Participant may receive and review any composite documents, data, and other

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information that may be developed based on such Confidential Information if the composite does not, directly or by its nature, disclose any individual Market Participant's confidential data or information.

- (b) SPP shall collect and use Confidential Information only in connection with its authority under this Tariff and the retention of such information shall be in accordance with SPP's retention policies. Except as otherwise provided in Sections 7.1.2, 7.1.5, 7.2 and 7.3, SPP shall not disclose to Market Participants or to third parties, any Confidential Information of a Market Participant or a Market Participant Applicant; provided that nothing contained herein shall prohibit SPP from providing Market Participant Confidential Information to NERC or any of its Regional Reliability Councils to the extent that: (i) the SPP determines, in its reasonable discretion, that the exchange of such information is required to enhance and/or maintain reliability within the SPP Region and its neighboring Control Areas; (ii) such receiving entity is bound by a written agreement to maintain such confidentiality; and (iii) the SPP has notified the affected Market Participant of its intention to release such information no less than five (5) Business Days prior to the release.
- (c) Nothing contained herein shall prevent SPP from releasing a Market Participant's Confidential Information to a third party provided that the Market Participant has delivered to SPP specific, written authorization for such release setting forth the data or information to be released, to whom such release is authorized, and the period of time for which such release shall be authorized. SPP shall limit the release of a Market Participant's Confidential Information to that specific authorization received from the Market Participant. Nothing herein shall prohibit a Market Participant from withdrawing such authorization upon written notice to the

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SPP who shall cease such release as soon as practicable after receipt of such withdrawal notice.

(d) Nothing contained herein shall prevent SPP from releasing a Market Participant's Confidential Information to a Transmission Owner for purposes of transmission operations provided that: (i) the SPP determines, in its reasonable discretion, that the exchange of such information is required to enhance and/or maintain reliability within the SPP Region and its neighboring Control Areas; (ii) such receiving entity is bound by a written agreement to maintain such confidentiality; and (iii) the SPP has notified the affected Market Participant of its intention to release such information no less than five (5) Business Days prior to the release. [Cite 217].

7.1.5 Required Disclosure

(a) Notwithstanding anything in this Section 7 to the contrary except Section 7.2, Section 7.3 and Section 7.4, if a Receiving Party is required by applicable law, or in the course of administrative or judicial proceedings, other than Commission or state regulatory proceedings or investigations, to Disclose to third parties, other than to the Commission or its staff, Confidential Information that is otherwise required to be maintained in confidence pursuant to this Tariff, the Receiving Party subject to such Disclosure requirement may Disclose such information; provided, however, that the Receiving Party shall not release the data until the affected Disclosing Party(ies) provide written consent or until the affected Disclosing Party's(ies)' legal avenues to prevent the disclosure are exhausted. As soon as the Receiving Party learns of the Disclosure requirement and prior to making Disclosure, it shall notify the affected Disclosing Party(ies) of the requirement and the terms thereof and the date on which it may be required to Disclose the information. The affected Disclosing Party(ies) may direct, at their

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sole discretion and cost, any challenge to or defense against the Disclosure requirement. The Receiving Party shall cooperate with such affected Disclosing Party(ies) to the maximum extent practicable to minimize the Disclosure of the Confidential Information consistent with applicable law. To the extent reasonably possible, the confidentiality of Confidential Information subject to this Section 7.1.5 will be maintained with (a) a protective order, (b) other procedures available for protecting confidential data or (c) by aggregating data to prevent Disclosure of Confidential Information.

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Each Receiving Party shall cooperate with the affected Disclosing Party(ies) to obtain proprietary or confidential treatment of such Confidential Information by the person to whom such information is Disclosed prior to any such Disclosure.

- (b) Section 7.1.5(a) does not apply to Disclosure of information to the Commission or its staff or to a state regulator or its staff.

7.1.6 Limitations

Nothing contained in Section 7.1 through and including 7.1.5 shall require any Receiving Party to violate any law or file a lawsuit in order to prevent disclosure of Confidential Information.

7.2 Confidentiality Provisions Applicable to the Market Monitor Reporting to the Board of Directors

For the purposes of this Section 7.2, references to Market Monitor shall mean the Market Monitor that is an external contractor reporting to the Board of Directors as defined under Section 3.1 of Attachment AG.

- (a) Notwithstanding anything in this Section 7 to the contrary, in order to enable the Market Monitor to discharge its duties, SPP is authorized to provide Market Participant Confidential Information and any other information, data or materials that constitutes Confidential Information under this Tariff to the Market Monitor. For purposes of Confidential Information provided by SPP to the Market Monitor, the SPP will be considered to be a Disclosing Party, and for purposes of this Section 7.2, the Market Monitor will treat both the SPP and, if known to the Market Monitor, the Market Participant originally providing specific Confidential Information as Disclosing Parties in the event the Market Monitor receives a request for Confidential Information under this Section 7.2.
- (b) The Market Monitor shall use all reasonable procedures necessary to protect and preserve the confidentiality of all Confidential Information as

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defined in Section 7.1 received by it in connection with the discharge of its duties.

- (c) Except as may be required by subpoena or other compulsory process or as set forth in Sections 7.4(a) and 7.4(b), the Market Monitor shall not Disclose Confidential Information to any person or entity except to the Commission or its staff or ~~Cite 221~~ without prior written consent. Upon receipt of a subpoena or other compulsory process for the Disclosure of Confidential Information, the Market Monitor shall promptly notify the affected Disclosing Party(ies) that originally provided the data and shall provide all reasonable assistance requested by the affected Disclosing Party(ies) to prevent Disclosure, and if possible under the terms of the subpoena or other compulsory process shall not release the data until the affected Disclosing Party(ies) provide written consent or until the affected Disclosing Party(ies)' legal avenues to prevent disclosure are exhausted. To the extent reasonably possible, the confidentiality of a Confidential Information subject to this Subsection 7.2(b) will be maintained with (i) a protective order, (ii) other procedures available or protecting confidential data or (iii) by aggregating data to prevent Disclosure of Confidential Information.

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7.3 Disclosure to Commission

- (a) Notwithstanding any provisions of this Section 7 to the contrary, if the Commission or its staff, during the course of an investigation or otherwise, requests Confidential Information from SPP and/or the Market Monitor that is otherwise required to be maintained in confidence pursuant to this Tariff, SPP and/or the Market Monitor, as applicable shall provide the requested information to the Commission or its staff, within the time provided for in the request for information. Should the SPP and/or the Market Monitor require additional time to provide the information requested due to logistical matters such as the volume of information requested or technical complexity involved, SPP and/or the Market Monitor will promptly communicate that need to the individual requesting

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the information and they shall establish the time for production of the requested information.

- (b) In providing the information to the Commission or its staff, SPP and the Market Monitor shall, consistent with 18 C.F.R. §§ 1b.20 and/or 388.112, request that the Confidential Information be treated as confidential and non-public by the Commission and its staff and that the Confidential Information be withheld from public disclosure. SPP and/or the Market Monitor shall promptly notify the affected Disclosing Party(ies) that originally submitted the requested Confidential Information when it receives from the Commission or its staff a request for Disclosure of Confidential Information.

7.4 Disclosure to Authorized Agencies [Cite 221]

7.4.1 Basic Requirements for Disclosure

The Transmission Provider and/or Market Monitor shall only disclose Confidential Information, otherwise required to be maintained in confidence pursuant to Attachment AE of this Tariff, to an Authorized Requestor solely under the following conditions:

- (a) The Authorized Requestor has executed a non-disclosure agreement with the Transmission Provider, stating:
- i. the position he or she holds within or the relationship he or she has with the Authorized Agency for which he or she will be an Authorized Requestor;
 - ii. that he or she is authorized to enter into and perform the obligations of the non-disclosure agreement;
 - iii. that the relevant Authorized Agency has practices or procedures adequate to protect against the unauthorized release of any Confidential Information received pursuant to the non-disclosure agreement;
 - iv. that he or she is familiar with, and will comply with, any applicable practices or procedures of the Authorized Agency which the Authorized Requestor represents; and

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(a) Notwithstanding any provisions of this Section 7 to the contrary, and pursuant to the provisions of (c) below, if any state regulatory commission, or other state governmental department that shares the regulatory responsibilities of such commission, or duly authorized members of their respective staff, or counsel of record or consultant to such a regulatory commission, during the course of an investigation or otherwise acting in fulfillment of a constitutional and/or statutory authority, obligation or duty, or any regional state committee (RSC) formed by such state regulatory commissions through its staff, collectively "Authorized Requestor," requests Confidential Information from SPP and/or the Market Monitor that is otherwise required to be maintained in confidence pursuant to this Tariff, or reports that are derived from or contain such information, SPP and/or the Market Monitor shall provide the requested information or reports to the Authorized Requestor within the time provided for in the request for information. Should SPP and/or the Market Monitor require additional time to provide the information requested due to logistical matters such as the volume of information requested or technical complexity involved, SPP and/or the Market Monitor will promptly communicate that need to the Authorized Requestor. In the event that the request is made in a docketed proceeding, the request for additional time shall be treated in accordance with the agency's rules of practice and procedure or other applicable procedures. Otherwise, the Authorized Requestor and SPP and/or the Market Monitor shall mutually establish the time for production of the requested information. ¶

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(b) SPP and/or the Market Monitor will promptly provide to the affected Disclosing Party(ies) that originally provided the Confidential Information to SPP and/or the Market Monitor notice of and all relevant information related to the request for such information. In providing the Confidential Information to the Authorized Requestor, SPP and/or the Market Monitor shall, consistent with the terms of the statute, rule or agreement applicable to the Authorized Requestor, request that the information be treated as confidential and non-public by the Authorized Requestor and that the information be withheld from public Disclosure; provided, however, that this required non-Disclosure shall not (... [2]

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- v. that he or she is not in breach of any non-disclosure agreement entered into with the Transmission Provider.
- (b) The Transmission Provider is able to verify that the Authorized Agency employing or retaining the Authorized Requestor has provided the Transmission Provider with the following information pursuant to Section 2.2 of Attachment AL (Form of Non-Disclosure Agreement for Authorized Requestors) to this Tariff:
- i. a list of authority (including statutory) specifying the particular Authorized Agency's duty, responsibility or authority in fulfillment of which it will make requests to the Transmission Provider or the Market Monitor under this Section for information, including, but not limited to, that enumerated and described as available to the Market Monitor in Attachment AG of this Tariff; or, in the case of regional state committee, an order of the Commission prohibiting the release of Confidential Information by the regional state committee, except in accordance with the terms of the non-disclosure agreement;
- ii. a statement notifying and identifying to the Transmission Provider that the Authorized Agency has practices or procedures in place adequate to protect against the unauthorized release of Confidential Information; and
- iii. confirmation in writing that the Authorized Requestor is authorized by the Authorized Agency to enter into the non-disclosure agreement and to receive Confidential Information under Attachment AE to this Tariff.
- (c) The Authorized Agency has provided either an order or a certification from counsel to such Authorized Agency or some other means acceptable to Transmission Provider, confirming that:
- (i) the Authorized Agency has statutory authority, (or in the case of regional state committee is in receipt of and bound by a Commission Order referred to in Subsection (b)(i) above) to protect the confidentiality of any Confidential Information received pursuant to the non-disclosure agreement from public release or disclosure and from release or

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Deleted: the case of RSC staff the agreement, establishing or specifying the particular Authorized Requestor's duty, responsibility or authority in fulfillment of which it will make requests to SPP and/or the Market Monitor under this Section 7.4 for information; and (ii) a statement identifying and forwarding copies of the particular statute, rule or regulation, protective order issued by the Authorized Requestor, or practice that will allow the Authorized Requestor to keep Confidential Information received by it hereunder confidential and non-public, and of limited distribution within the Authorized Requestor. In

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staff this requirement will be deemed met by the execution

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disclosure to any other entity, including other agencies of state government, except to the extent that such disclosure is required or permitted by state law;

(ii) except as provided in Subsection (d) below, the Authorizing Agency will defend against any disclosure of Confidential Information pursuant to any third party request through all available legal process, including, but not limited to, obtaining any necessary protective orders;

(iii) the Authorizing Agency will provide the Transmission Provider with prompt notice of any such third party request or legal proceedings and will consult and cooperate with the Transmission Provider and/or any affected Market Participant in its efforts to deny the third party request or defend against such legal process;

(iv) in the event a protective order or other remedy is denied, the Authorizing Agency will direct Authorized Requestors authorized by it to furnish only that portion of the Confidential Information that its legal counsel advises the Transmission Provider in writing is legally required to be furnished;

(v) the Authorizing Agency will exercise its best efforts to obtain assurance that confidential treatment will be accorded to such Confidential Information;

(vi) the Authorizing Agency has adequate practices or procedures in place to protect against the release of such Confidential Information; and

(vii) the Authorizing Agency has authorized the Authorized Requestor to enter into the non-disclosure agreement and to receive Confidential Information pursuant to this Attachment AE to this Tariff and under the non-disclosure agreement, and can provide a written copy of such authorization.

(d) The certification from counsel for the Authorized Agency referred to in Subsection (c)(ii) above must affirmatively disclose any state law that will prohibit or prevent the Authorized Agency from defending against any disclosure of Confidential Information pursuant to any third party request as

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Deleted: maintain such information as confidential and not to Disclose the information to third parties who are not Authorized Requestors.

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Deleted: (d) In the event that an Authorized Requestor receives a request pursuant to the applicable freedom of information or similar statute for information deemed confidential pursuant to this section, the Authorized Requestor shall promptly notify the Disclosing Party of such request.¶

(e) Notwithstanding other provisions in this Section 7.4, all Authorized Requestors may participate in meetings or teleconferences with the Market Monitor where Confidential Information may be discussed verbally. Authorized Requestors that do not satisfy the conditions under this Section 7.4 to take possession of Confidential Information may participate in such meetings or teleconferences if they have executed a nondisclosure agreement with the Market Monitor containing: (i) an agreement not to take notes what would contain Confidential Information disclosed in such meetings or teleconferences and not to retain any materials the Market Monitor may distribute at the meeting; and (ii) terms and conditions typical or customary to such agreement sufficient to bind individuals receiving Confidential Information pursuant to this Section 7.4 to maintain such information as confidential and not to Disclose the information to third parties.¶

(f) A Disclosing Party shall have the right to challenge any disclosure of Confidential Information under this Section 7.4 by seeking appropriate relief at the Commission.¶

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otherwise required by Subsection (c)(ii). In an instance where there is such a state law disclosed, such certification shall confirm that the Transmission Provider would have notice of the third party request and standing to pursue legal processes, including the obtaining of a protective order, before the forum in which state law prohibits or prevents the Authorized Agency from taking such actions itself.

7.4.2 Schedule of Authorized Requestors

The Transmission Provider shall maintain a schedule of all Authorized Requestors and the Authorized Agencies they represent, which shall be made available on its website or by written request. The schedule shall include phone numbers and e-mail addresses. Such schedule shall be compiled by the Transmission Provider, based on information provided by any Authorized Requestor and/or Authorized Agency. The Transmission Provider shall update the schedule promptly upon receipt of information from an Authorized Requestor or Authorized Agency, but shall have no obligation to verify or corroborate any such information, and shall not be liable or otherwise responsible for any inaccuracies in the schedule due to incomplete or erroneous information conveyed to and relied upon by the Transmission Provider in the compilation and/or maintenance of the schedule.

7.4.3 Use of Confidential Information

The Authorized Requestor shall use the Confidential Information solely for the purpose of assisting an Authorized Agency in discharging its duty, responsibility or authority in fulfillment of which it authorizes Authorized Requestors to make requests for Confidential Information and for no other purpose. Any and all Authorized Requestors sponsored by the same Authorized Agency may have access to the Confidential Information that is provided to the sponsoring Authorized Agency pursuant to an information request described in Section 7.4.5.

7.4.4 Limited Oral Disclosures

(a) The Transmission Provider or the Market Monitor may, in the course of discussions with an Authorized Requestor or Authorized Requestors in meetings or teleconferences, orally disclose information otherwise required

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to be maintained in confidence, without the need for a prior information request. Such oral disclosures shall provide enough information to enable the Authorized Requestors or their Authorized Agency to determine whether additional information requests are appropriate. The Transmission Provider or the Market Monitor will not make any written or electronic disclosures of Confidential Information to the Authorized Requestor pursuant to this section. In any such discussions, the Transmission Provider or the Market Monitor shall ensure that the individual or individuals receiving such Confidential Information are Authorized Requestors, orally designate Confidential Information that is disclosed, and refrain from identifying any specific affected Market Participant whose information is disclosed. The Transmission Provider or Market Monitor shall also be authorized to assist Authorized Requestors in interpreting Confidential Information that is disclosed.

- (b) The Transmission Provider or the Market Monitor shall provide any affected Market Participant with oral notice of any oral disclosure promptly, but not later than one (1) business day after the oral disclosure. Such oral notice to the affected Market Participant shall include the substance of the oral disclosure, but shall not reveal any Confidential Information of any other entity and must be received by the affected Market Participant before the name of the affected Market Participant is released to the Authorized Requestor; provided, however, the identity of the affected Market Participant must be made available to the Authorized Requestor within two (2) business days of the initial oral disclosure.

7.4.5 Information Requests

- (a) **Form:** Information requests to the Transmission Provider or the Market Monitor shall be in writing, and shall include electronic communications addressed to the Transmission Provider or to the Market Monitor as appropriate.
- (b) **Content:** Each information request shall describe, in as much detail as possible, the particular information sought, including the time period for the

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requested information; provide a description of the purpose for which the information is being sought and state the time period for which it is expected that the information will need to be retained by the Authorized Requestor.

(c) Notice:

i. The Transmission Provider or the Market Moniotr shall provide an affected Market Participant with notice of and a copy of an information request by an Authorized Requestor as soon as possible, but not later than two (2) business days after the receipt of the information request.

ii. The Transmission Provider shall maintain all information requests of a general nature in an electronic form accessible by Market Participants and Authorized Requestors. Such list shall not include those information requests that sought information of or about a named Market Participant or that would, in the Transmission Provider's view, otherwise be readily ascertainable as being directed toward Confidential Information from or about an individual Market Participant. On at least an annual basis the Transmission Provider shall delete from the list all information requests for which the Confidential Information has been returned or destroyed by the Authorized Requestor.

(d) Disclosure: Subject to the provisions of Section 7.4.5(f) and (g) below, the Transmission Provider or the Market Monitor shall supply the information sought to the Authorized Requestor in response to any information request within five (5) business days after the receipt of the information request, or within such longer period as may be specified by the information request, unless a timely objection has been made to the information request, or unless the requested information can only reasonably be made available within an extended time period.

To the extent that the Transmission Provider or the Market Monitor cannot reasonably prepare and deliver the requested information within the five (5) business day period or any longer period specified in the information request, it shall, within such period, hold discussions with the Authorized Requestor

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and provide the Authorized Requestor with a mutually agreed upon written schedule for the provision of such remaining information. Upon providing the requested information to the Authorized Requestor, the Transmission Provider or the Market Monitor shall provide a copy of the disclosed information to the Affected Participant(s), or provide a listing of the Confidential Information disclosed; provided, however, that the Transmission Provider or the Market Monitor shall not reveal any affected Market Participant's Confidential Information to any other Market Participant.

(e) **Objection:** Notwithstanding Section 7.4.5(d) above, should the Transmission Provider, the Market Monitor or an affected Market Participant object to an information request or any portion thereof, any of them or the Authorized Requestor may, within four (4) business days following the Transmission Provider's or the Market Monitor's receipt of the information request, request, in writing, a conference with the Authorized Agency, or the Authorized Agency's Authorized Requestor, to resolve differences concerning the scope or time period covered by the information request; provided, however, nothing herein shall require the Authorized Agency to participate in any conference.

Any party to the conference may seek assistance from FERC staff in resolution of the dispute. Should such conference be refused by any participant, or not resolve the dispute, then the Transmission Provider, the affected Market Participant or the Authorized Agency may initiate appropriate legal action at FERC within three (3) business days following receipt of written notice from any participant refusing or terminating such conference. Any complaints filed at FERC objecting to a particular information request shall be designated by the party as a "fast track" complaint and each party shall bear its own costs in connection with such FERC proceeding.

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If no FERC proceeding regarding the information request is commenced within such three-day period, the Transmission Provider or the Market Monitor shall respond to the Information Request within five (5) business days or any longer period that may be specified by the information request, counted from the expiration of such three-day period.

(f) Opportunity to Respond to Confidentiality Claims: If the affected Market Participant, the Transmission Provider or the Market Monitor considers the information sought by the information request as Confidential Information, the Authorized Requestor shall be provided an opportunity to challenge the designation or classification of the requested information as Confidential Information.

(g) Limitation On Disclosure Obligation: The Transmission Provider or the Market Monitor shall not be required to make disclosure in response to an information request in circumstances where an electronic data link, dedicated communication circuit or other hardware or third party services would be necessary to effectuate the disclosure. Nor shall the Transmission Provider or the Market Monitor be required to make disclosure in response to an information request that is of a scope or extent materially similar to the flow of data from Market Participants to the Transmission Provider or from the Transmission Provider to the Market Monitor.

7.4.6 Limited Discussion of Confidential Information Among Authorized Requestors Sponsored By Different Authorized Agencies

Authorized Requestors who are parties to non-disclosure agreements but who are sponsored by different Authorized Agencies may discuss Confidential Information with each other, provided that:

(a) They have each requested and received from the Transmission Provider or the Market Monitor such Confidential Information;

(b) At least one of such Authorized Requestors notifies the Transmission Provider in advance of the identity of the other Authorized Requestor(s) with whom such Confidential Information will be discussed; and

(c) The Transmission Provider confirms that the Authorized Requestors who

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will participate in the discussion received the Confidential Information as provided in Subsection (a) above. The Transmission Provider shall respond to a notification under Subsection (b) above within two (2) business days from receipt of the notification.

The Transmission Provider shall provide an affected Market Participant with notice of the planned discussion within two (2) business days from receipt of notification of the planned discussion. Such discussion among Authorized Requestors shall not change the status of the Confidential Information. It shall remain Confidential Information.

7.4.7 Breach of Non-Disclosure Obligations

In the event of any breach of a non-disclosure agreement:

(a) The Authorized Requestors and/or their respective Authorized Agency shall promptly notify the Transmission Provider or the Market Monitor, who shall, in turn, promptly notify any affected Market Participant of any unauthorized release of Confidential Information provided pursuant to any non-disclosure agreement.

Upon notification, the Transmission Provider will cease disclosure to the Authorized Requestor pursuant to any information requests and will make no disclosure pursuant to any information request pending from the Authorized Requestor until it can be determined after consultation with the Authorized Requestor, his or her Authorized Agency and the affected Market Participant that an appropriate combination of the following factors justifies resumption of the Authorized Requestor's access to Confidential Information: (i) the unauthorized disclosure was not due to the intentional, reckless or negligent action or omission of the Authorized Requestor; (ii) there was no harm or economic damage suffered by the Affected Participant; (iii) there are now practices or procedures in place adequate to prevent a recurrence of the unauthorized disclosure; and/or (iv) similar good cause shown.

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(b) If the Transmission Provider or the Market Monitor receives from an Authorized Requestor or Authorized Agency a written notice that a breach has occurred, or FERC has made a ruling that a breach has occurred, the Transmission Provider and/or, the Market Monitor shall terminate the non-disclosure agreement and require either the immediate return of all Confidential Information obtained by the Authorized Requestor pursuant to the non-disclosure agreement or a certification of its destruction.

The Transmission Provider shall verify the breach in consultation with the Authorized Agency. If it is subsequently determined that there was no breach, or if otherwise justified by circumstances described in Subsection (b) above, the Transmission Provider shall restore the status of the Authorized Requestor. Any other rights and remedies shall be pursuant to the terms of the non-disclosure agreement.

(c) No Authorized Requestor, who is an employee of an Authorized Agency, shall have responsibility or liability whatsoever under the non-disclosure agreement or Attachment AE to this Tariff for any and all liabilities, losses, damages, demands, fines, monetary judgments, penalties, costs and expenses caused by, resulting from, or arising out of or in connection with the release of Confidential Information to persons not authorized to receive it.

However, nothing in this Section 7.4.7.c is intended to limit the liability of any person who is not an employee of or a member of an Authorized Agency, to the degree not granted limitations as to liability under applicable state law of the Authorized Agency's state, when such a person is under contract to perform services for the Authorized Agency, for any and all economic losses, damages, demands, fines, monetary judgments, penalties, costs and expenses caused by, resulting from, or arising out of or in connection with such unauthorized release.

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7.5 Preservation of Rights

Notwithstanding any provision in this Section 7, a Disclosing Party shall have the right to pursue all appropriate actions to prevent or contest any

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attempt to remove the confidential status or any order removing such confidential status of its Confidential Information.

7.6 Notice

Notwithstanding any provision in this Section 7 (except as detailed in Section 7.4) [Cite 221], the Transmission Provider shall provide at least five business days notice to the Disclosing Party of its intent to provide Confidential Information to any other entity. The Transmission Provider shall not be required to provide such notice if such disclosure is prohibited by law or Order or required by law or Order prior to five business days.

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Each Transmission Owner's schedules for Scheduling, System Control and Dispatch Service and for Reactive Supply and Voltage Control from Generation Sources Service shall be available through the SPP OASIS. Each Transmission Owner also shall maintain schedules which offer (1) Regulation and Frequency Response Service, (2) Operating Reserve - Spinning Reserve Service, and (3) Operating Reserve - Supplemental Reserve Service. Transmission Customers shall pay the Transmission Provider providing any of these services directly for the service. Each Transmission Owner's schedules for these services also shall be available through SPP OASIS. The Transmission Customer serving load within a Transmission Owner's(s') Control Area(s) is required to acquire these three Ancillary Services, whether from the Transmission Owner(s), from a third party, or by self-supply. The Transmission Customer may not decline the Transmission Owner's(s') offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Owner(s). The Transmission Provider shall determine whether the Transmission Customer has adequately demonstrated that it has acquired the Ancillary Services from another source. If the Transmission Provider determines that the Transmission Customer is taking Ancillary Services that it has not paid

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terms and conditions over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer and over facilities used for the transmission of electric energy owned, controlled or operated by the Transmission Customer's corporate affiliates.

This reciprocity requirement applies not only to the Transmission Customer that obtains transmission service under the Tariff, but also to all parties to a transaction that involves the use of transmission service under the Tariff, including the power seller, buyer and any intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power

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marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision

7 Billing and Payment

This Section 7 shall not apply to the use and/or provision of Energy Imbalance Service. All billing and payment matters associated with the use/provision of Energy Imbalance Service shall be as specified in Attachment AE.

7.1 Billing Procedure: Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The invoice shall be paid by the Transmission Customer within fifteen (15) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider. Invoices may be issued using estimated data, to the extent actual data is not available by the fifth (5th) working day of the month following service. Adjustments reflecting the difference in billing between the estimated and actual data will be included on the next regular invoice, with such adjustment being due when that invoice is due.

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(a) Notwithstanding any provisions of this Section 7 to the contrary, and pursuant to the provisions of (c) below, if any state regulatory commission, or other state governmental department that shares the regulatory responsibilities of such commission, or duly authorized members of their respective staff, or counsel of record or consultant to such a regulatory commission, during the course of an investigation or otherwise acting in fulfillment of a constitutional and/or statutory authority, obligation or duty, or any regional state committee (RSC) formed by such state regulatory commissions through its staff, collectively

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"Authorized Requestor," requests Confidential Information from SPP and/or the Market Monitor that is otherwise required to be maintained in confidence pursuant to this Tariff, or reports that are derived from or contain such information, SPP and/or the Market Monitor shall provide the requested information or reports to the Authorized Requestor within the time provided for in the request for information. Should SPP and/or the Market Monitor require additional time to provide the information requested due to logistical matters such as the volume of information requested or technical complexity involved, SPP and/or the Market Monitor will promptly communicate that need to the Authorized

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Requestor. In the event that the request is made in a docketed proceeding, the request for additional time shall be treated in accordance with the agency's rules of practice and procedure or other applicable procedures. Otherwise, the Authorized Requestor and SPP and/or the Market Monitor shall mutually establish the time for production of the requested information.

- (b) SPP and/or the Market Monitor will promptly provide to the affected Disclosing Party(ies) that originally provided the Confidential Information to SPP and/or the Market Monitor notice of and all relevant information related to the request for such information. In providing the Confidential Information to the Authorized Requestor, SPP and/or the Market Monitor shall, consistent with the terms of the statute, rule or agreement applicable to the Authorized Requestor, request that the information be treated as confidential and non-public by the Authorized Requestor and that the information be withheld from public Disclosure; provided, however, that this required non-Disclosure shall not extend to Confidential Information that is, or becomes publicly available other than through a manner inconsistent with this Section 7.
- (c) To facilitate the process described above, any Authorized Requestor prior to making its first request for information to either SPP or the Market Monitor

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pursuant to this Section 7.4 shall provide to both SPP and the Market
Monitor: (i) a list of the constitutional and/or

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MARKET POWER MITIGATION PLAN

ATTACHMENT AF

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1. Purpose and Objective

The Market Mitigation Measures (the "Measures") contained within this Market Power Mitigation Plan provide for mitigation of the exercise of horizontal and vertical market power by Market Participants in certain specified circumstances. The Market Monitor shall implement the Market Power Mitigation Plan as defined in this Attachment AF.

2. Definitions

For purposes of this Plan, capitalized terms shall have the meanings specified below:

2.1 Generator-to-Load Distribution Factor

The simulated impact of incremental power output from a specific Resource ("source") on the loading of a specific flowgate based on delivery to a representation of the locational weighting of all loads within all Settlement Locations ("sink").

2.2 Initial Assessment

The assessment that the Market Monitor shall conduct prior to the start of the EIS Market for the purpose of identifying opportunities for Transmission/Generation Owners to exercise transmission market power and establishing parameters for monitoring such opportunities. No sanctions or penalties will be recommended for problems that are found and corrected through the assessment.

2.3 Measures

SPP's Market Mitigation Measures set forth in this document.

2.4 Plan

SPP's Market Power Mitigation Plan set forth in this Attachment AF.

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2.5 Transmission/Generation Owners

Any Market Participant owning or controlling both transmission and generation assets in the SPP Region.

3. Economic Withholding – Energy Market Power

3.1 Principles

There are two principles for mitigating Economic Withholding in the EIS Market operated by SPP.

3.1.1 Mitigate Only During Transmission Constraints

Mitigation will be applied only at the time of, and in places with, transmission constraints.

3.1.2 Do Not Mitigate Below Long Run Marginal Cost of New Investment

Mitigation should not create or exacerbate a supply shortage by capping prices below the level needed to attract investment that would relieve the shortage. This level shall be based on the long run marginal cost of the least-cost generation supply that could be developed within the shortest period of time, which is currently a new, natural gas-fired combustion turbine, peaking generation facility.

3.2 Mitigation Measure

When any transmission constraint is binding in the EIS Market, the Offer Curve prices associated with Resources with Generator-to-Load Distribution Factors that are greater than or equal to 5% that are located on the importing side of each constraint shall be no higher than the Offer Cap for each Resource.

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3.2.1 Location and Determination of Binding Constraints

Binding transmission constraints in the EIS Market will be located on groups of transmission elements designated as flowgates. The determination of whether a transmission constraint is binding in the EIS Market will be based on the Transmission Loading Relief (TLR) congestion management process and the EIS Market security constrained dispatch process for such determination.

3.2.2 Determination of Offer Capped Resources

An Offer Cap, as calculated in accordance with Section 3.2.4, shall apply to all Resources that are located on the importing side of a constrained flowgate that have Generator-to-Load Distribution Factors greater than or equal to 5% (i.e., for each 100 MW increase in Resource output, the flowgate imports are reduced by 5 MWs or greater)[Cite 170]. A list of all Resources subject to an Offer Cap and the Offers Caps associated with such Resources [Cite 192] shall be posted electronically at least on a daily basis by the Transmission Provider.

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Deleted:) shall be subject to an Offer Cap.

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3.2.3 Reassessment of Affected Status

The Market Monitor will reassess the Generator-to-Load Distribution Factors of Resources when changes in system conditions occur which may reasonably be expected to cause the Resources' Offer Capped status to change. In any event, the Market Monitor will reassess the status of Offer Capped Resources on an annual basis. In addition, although ownership does not affect which Resources are subject to the Offer Cap, the Market Monitor will periodically assess the potential for market power abuse due to common ownership or control of Resources that are not Offer Capped [Cite 170].

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3.2.4 Calculation of Offer Caps

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The Offer Cap for each Resource subject to an Offer Cap will be calculated at least daily ~~[Cite 192]~~ and will be effective until replaced by a new Offer Cap. Specifically, Offer Caps will be equal to the sum of (a) the estimated annual fixed cost of a new, natural gas-fired, combustion turbine peaking generation facility in \$/megawatt-year divided by the annual hours of constraint, (b) an adder equal to the estimated non-fuel variable operation and maintenance costs of a new, natural gas-fired, combustion turbine peaking generation facility in \$/megawatt-hour, and (c) the fuel cost of the peaking facility in \$/megawatt-hour calculated as the heat rate multiplied by a natural gas price index. The formula for the calculation is as follows:

$$\text{Offer Cap} = (\text{AFC} / \text{AHC}) + \text{VOM} + \text{FC}$$

wherein the variables are defined as:

AFC = Annual Fixed Cost (Annual Investment Recovery Requirement (\$/megawatt-year) + Annual Fixed Operations and Maintenance Adder (\$/megawatt-year))

AHC = Annual Hours of Constraint

VOM = Variable Non-Fuel Operations and Maintenance Adder (\$/megawatt-hour)

FC = Fuel Cost (Heat Rate * Natural Gas Price Index) (\$/megawatt-hour)

~~(cite 190).~~

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submitting Offer Curves for such Resource

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Offer Caps do not function as price caps on the EIS Market. Resources other than Resource identified under Section 3.2.2 are not subject to an Offer Cap. These resources may bid higher than, and set a price in the EIS Market that is above any Offer Cap. ▼

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During periods of constraint on flowgates, Market Participants with Resources subject to Offer Caps as identified under Section 3.2.2 are restricted to submitting Offer Curve prices at or below their respective Offer Caps. All Resources, including those Resources identified under Section 3.2.2, will be charged/compensated based upon the Locational Imbalance Price associated with each Resource.

(a) *Annual Fixed Cost*

The annual fixed cost of a new, natural gas-fired, combustion turbine peaking generation facility shall be based upon the calculated value of the annual carrying cost associated with the recovery of the total fixed costs to develop, build and finance such a facility plus the fixed operation and maintenance costs. Such costs shall be reviewed annually by the Market Monitor with input from SPP. Any changes to such costs, along with justification for the changes, shall be filed with the Commission for approval. Such costs, along with any studies justifying the costs, shall be posted electronically by the Transmission Provider. As of the date that this Plan is accepted for filing by the Commission, the Annual Fixed Cost shall be equal to \$~~68,640~~/Megawatt-year.[\[Cite 235\]](#)

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(b) *Variable Non-Fuel O&M Adder*

The adder equal to the estimated non-fuel variable operation and maintenance costs of a new, natural gas-fired, combustion turbine peaking generation facility shall be based on the non-fuel operating and maintenance costs of such a facility not included in the calculation of annual fixed costs as described above. Such cost shall be reviewed annually by the Market Monitor with input from SPP. Any changes to such costs, along with justification for the changes, shall be filed with the Commission for approval. Such costs, along with any studies justifying the costs, shall be posted electronically by the Transmission Provider. As of the date that this Plan is accepted for filing by the Commission, the Variable Non-Fuel O&M Adder shall be equal to ~~\$3.43~~/Megawatt-hour.[\[Cite 235\]](#)

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(c) *Annual Hours of Constraint*

The annual hours of constraint will be calculated individually for each affected Resource under Section 3.2.2 of a Market Participant and will be based on the most recent 365 days (366 days for a leap year) of total hours of constraint in the EIS Market for constrained flowgates affecting each Resource. In the event that multiple constraints simultaneously affect a Resource, overlapping hours of constraint will be eliminated from the Offer Cap calculation for such a Resource.

During the first year of operation of the EIS Market, the hours of duration for TLR Level 3 and above events for each flowgate shall be used as a proxy for hours of constraint in the EIS Market. For

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each flowgate, this proxy shall apply for all months prior to the start of the EIS Market that are constraint in the EIS Market.

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For each flowgate, this proxy shall apply for all months prior to the start of the EIS Market that are included in the calculation of annual hours of constraint. The annual hours of constraint will be updated weekly for inclusion in the daily calculation of the Offer Cap on each affected resource and will be posted electronically by the Transmission Provider for each flowgate.

(i) *New Flowgates*

When a new flowgate is established, the annual hours of constraint used in the calculation of the Offer Cap for each Resource that is pivotal to the new flowgate will be 32 hours until the actual number of hours of constraint on the flowgate has exceeded 32 hours. After 32 hours has been reached, the actual hours of constraint will be used. After the flowgate has been active for 12 months, the Offer Cap calculation will only use the actual constrained hours for the 365 day (366 for leap year) rolling sum. If a Resource is pivotal to more than one flowgate, the minimum applies to the sum of all the flowgates for the first year of the new flowgate.

(d) *Fuel Cost*

The fuel cost of a new, natural gas-fired, combustion turbine peaking generation facility shall be based on the estimated full-load heat rate of the facility multiplied by a fuel price index. The fuel price index for each Resource will be based on an industry accepted natural gas pricing index for the natural gas pricing point nearest to the Offer Capped Resource(s) of each Market Participant. The fuel price shall be further modified based on an

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estimate of the distribution cost for moving natural gas to the affected resource(s). Alternative pricing points and fuel price modifiers shall be evaluated annually by the Market Monitor with input from Market Participants and SPP. The fuel price portion of each Offer Cap shall be recalculated daily for inclusion in each Offer Cap. As of the date that this Plan is accepted for filing by the Commission, the heat rate used in the Fuel Cost calculation shall be equal to 10,450 btu/kwh. [\[Cite 235\]](#)

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3.3 Imposition of Mitigation

Offer Caps will be imposed when any transmission constraint is binding in the EIS Market as determined by SPP's Market Operators through the TLR congestion management process and the EIS Market security constrained dispatch process. Offer Caps will only be applied to the Resources identified under Section 3.2.2.

3.3.1 Exceptions

Market Participants with Offer Capped Resources may request an exception to an Offer Cap for a Resource. If the Transmission Provider after consultation with the Market Monitor determines that an exception is reasonable, the Transmission Provider shall submit a filing with the Commission. Market Participants also may submit a filing with the Commission seeking an exception.

4. Physical Withholding – Energy Market Power

No mitigation is necessary or warranted for Physical Withholding in the EIS Market as the market is voluntary. The Market Monitor will monitor participation to determine whether decisions to participate in the EIS Market have a significant adverse impact on market outcomes.

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5. Unavailability of Facilities-Energy Market Power

No mitigation is necessary or warranted for Unavailability of Facilities in the EIS Market, since participation in the market is voluntary. The Market Monitor will monitor for any potential instances of Unavailability of Facilities and shall report on any such instances.

6. [Cite 146]Miscellaneous Provisions

6.1 Rights and Remedies

The Plan does not restrict SPP and Market Participants from asserting any rights they may have under state and federal regulation and laws, including initiating proceedings before the FERC regarding any matter which is subject to this Plan.

Except as otherwise stated in this Plan, disputes as to the implementation of, or compliance with, this Plan shall be subject to the dispute resolution procedures under this Tariff or the SPP Bylaws as applicable or may be raised with the FERC.

Deleted: Market Conduct

Deleted: Market Behavior Rules¶
FERC has set conditions for all suppliers with market-based rates which are termed "market behavior rules." The Market Monitor shall monitor for violations of these market behavior rules and report any suspected violations to FERC Staff in accordance with the FERC's reporting protocols for market monitors. Market Participants are required to abide by these market behavior rules. The Market Monitor will specifically focus on the second rule regarding market manipulation.¶

6.2. Market Manipulation¶
The Market Monitor will monitor the EIS Market for potential instances of market manipulation. Such actions or transactions that are without a legitimate business purpose and that are intended to or foreseeably could manipulate market prices, market conditions, or market rules for electric energy or electric products are prohibited. As listed by the FERC, prohibited behavior includes (a) wash trades, (b) submission of false data, (c) actions to cause artificial congestion and (d) collusive acts. ¶

6.2.1 Remedies ¶
The Market Monitor will monitor and report on any market manipulation in the EIS Market and take action as required pursuant to Section 7 of Attachment AG.

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7. Miscellaneous Provisions¶

7.1 .

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MARKET MONITORING PLAN

ATTACHMENT AG

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1. Purpose and Objective

1.1 Purpose of the Plan

This Market Monitoring Plan (the “Plan”) is intended to provide for the monitoring of SPP’s Markets and Services and submissions of recommendations to the FERC and the SPP Board of Directors.

1.2 The Market Monitoring Plan

The Plan shall be developed, implemented and maintained by SPP’s Market Monitor. The Market Monitor has the responsibility for implementing the Plan by (a) continuously monitoring SPP’s Markets and Services, (b) implementing market mitigation measures explicitly provided for in this tariff, (c) recommending compliance and corrective actions per this tariff, (d) collecting and retaining the data and information necessary for the performance of the Plan, (e) recommending updates to the monitoring and mitigation plans contained within Attachments AG and AF to this Tariff, and (f) periodically reporting on SPP’s Markets and Services.

1.3 Objective

The objective of the Market Monitor is to (a) monitor and report on possible abuses of horizontal and vertical market power in SPP’s Markets and Services by any Market Participant (b) monitor and recommend any changes with regard to the design and implementation of SPP’s Markets and Services to improve the operation of markets to benefit consumers and Market Participants and (c) monitoring Market Participants’ compliance with market rules. The Market Monitor will work to ensure that its functions and activities are implemented fairly and consistently, and that it protects and fosters competition while minimizing interference with open and competitive markets. Making recommendations to improve the operation of markets and preventing the exercise

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of market power in advance rather than punishing offenders afterward shall be the preferred approach.

The Market Monitor will recognize that entities otherwise identified as having market power may engage in conduct giving the impression of market power but, after analysis by the Market Monitor, may prove to be pro-competitive and efficient. In making this distinction, the Market Monitor will generally focus on an analysis of the identified conduct and associated market impacts, rather than seeking to determine the intent of the Market Participant (e.g., conducting profitability analyses that would require comprehensive information on all the physical and final positions of a participant).

1.4 Independence of the Market Monitor

The Market Monitor shall be independent from Market Participants to perform those activities necessary to provide impartial and effective market monitoring within the scope of the Plan. Notwithstanding the foregoing, in the normal course the Market Monitor shall verify information with affected Market Participants prior to making recommendations or reports.

2. Definitions

For purposes of this Plan, capitalized terms shall have the meanings specified below:

2.1 Confidential Information

The term defined under Attachment AE to this Tariff.

2.2 Data and Information

Writings, documents and records of every type, including audio recordings and electronic files.

2.3 External Market Monitor

The external contractor retained by SPP to perform certain market monitoring services as specified in its contract with SPP.

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2.4 FERC Staff

The responsible office within FERC designated to receive reports submitted by market monitors.

2.5 Interested Government Agencies

The FERC and any state regulatory commission or agency with regulatory oversight responsibilities for SPP Transmission Owners.

2.6 Plan

SPP's Market Monitoring Plan set forth in this Attachment AG.

3. Market Monitor

The Market Monitor is responsible for implementing the Market Monitoring Plan as defined in this Tariff.

3.1 Staffing and Resources

The Market Monitor shall be an organization within SPP reporting to the Board of Directors [Cite 135] comprised of employees of SPP with the necessary experience and qualifications to perform the duties of the Market Monitor. The duties and responsibilities of the Market Monitor [Cite 135] shall be assigned by the Board of Directors. SPP shall establish and provide appropriate staffing and/or resources for the Market Monitor and shall ensure that the Market Monitor has such adequate employees, funding and/or other resources, access to required information, and the full cooperation of SPP Staff, Organizational Groups, and other persons, as necessary, for the effective functioning of the Market Monitor and implementation of this Plan. SPP shall have full responsibility for implementing Attachments AF and AG. SPP may delegate certain responsibilities pursuant to a contract with an External Market Monitor. SPP shall file such contract with the Commission.

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3.2 Relationships and Notifications

As a general principle, the Market Monitor may obtain input from the SPP, FERC Staff, SPP Staff, the RSC, and affected state regulatory authorities for the purpose of executing its duties. However, in accordance with this tariff, the Market Monitor may at any time bring any matter to the attention of the Board of Directors, the officers of SPP, FERC, or other affected state regulatory authorities, as the Market Monitor may deem necessary or appropriate. After any initial investigation of market design/policies, the Market Monitor shall also provide notification to the Board of Directors, the President of SPP, and FERC Staff as soon as practicable in the event it identifies a significant market problem that may require (a) further investigation, (b) a change to this Tariff, or (c) action by FERC. The Market Monitor shall also interface with FERC Staff and other RTO and ISO market monitors in adjacent regions as needed for the purpose of addressing electricity market issues in a comprehensive manner. The Market Monitor shall promptly notify the President of SPP of all such notifications, communications or reports.

3.3 Independence

The Market Monitor shall abide by SPP's Standards of Conduct, which shall be appropriate for establishing the professional and financial independence of the Market Monitor. The Market Monitor shall certify compliance with such policies to the President of SPP. The Market Monitor shall require any external consultants or experts to certify compliance with these policies.

4. Market Monitoring

4.1 Markets to be Monitored

The Market Monitor will monitor SPP's Markets and Services, which are the markets that are operated by, and the services provided by, SPP under this Tariff.

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The Market Monitor will not monitor bilateral energy, transmission or capacity markets and services not administered, coordinated or facilitated by SPP, except to assess the effect of these markets and services on SPP's Markets and Services, or the effects of SPP's Markets and Services on these unmonitored markets. Similarly, the Market Monitor will not monitor the energy, transmission or capacity markets and services in regions adjacent to the SPP Region except to assess the effect of these markets and services on SPP's Markets and Services, or the effects of SPP's Markets and Services on these adjacent markets.

4.2 Market Monitoring Scope

The Market Monitor will implement the Plan. The markets will require continuous monitoring by the Market Monitor. The Market Monitor will monitor SPP's Markets and Services by reviewing and analyzing market data and information including, but not limited to:

- (a) Resource and Ancillary Services (Capacity) Plans, schedules and Offer Curves submitted for generating units or a portfolio of generating units in or affecting any of SPP's Markets and Services;
- (b) Actual commitment and dispatch of generating units or a portfolio of generating units, including but not limited to generator MW capability and output, MVAR capability and output, status, and outages;
- (c) Locational Imbalance Prices at all Settlement Locations in or affecting any of SPP's Markets and Services;
- (d) Control area data, including but not limited to control area demand, area control error, net scheduled interchange, actual total net interchange, and forecasts of operating reserves and peak demand;
- (e) Conditions or events both inside and outside SPP Region control areas affecting the supply and demand for, and the quantity and price of, products or services sold or to be sold in SPP's Markets and Services;
- (f) Information regarding transmission services and rights, including the estimating and posting of Available Transfer Capability ("ATC") or

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Available Flowgate Capability (“AFC”), administration of this tariff, the operation and maintenance of the transmission system, any auctions or other markets for transmission rights, and the reservation and scheduling of transmission service;

- (g) Information regarding the nature and extent of transmission congestion in the region and, to the extent practicable, transmission congestion on any other system that affects SPP’s Markets and Services, including but not limited to causes of, costs of and charges for transmission congestion, transmission facility loading, MVA capability, line status and outages;
- (h) Settlement data, including but not limited to hourly integrated Settlement Location MW; and
- (i) Any information regarding collusive or other anticompetitive or inefficient behavior in or affecting any of SPP’s Markets and Services.

(j) Generation resource operating cost data for estimating resource incremental cost, including fuel input costs, heat rates where applicable, start-up fuel requirements, environmental costs and variable operating and maintenance expenses [Cite 174].

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4.2.1 Additional Market Monitor Duties

(a) In addition to the monitoring of market data and information, the Market Monitor may communicate with SPP Staff and Market Participants at any time for the purpose of monitoring and assessing market conditions.

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(b) To monitor the effects of self-dispatch on the depth of the EIS Market, for one year following the EIS Market Effective Date, the Market Monitor shall make monthly informational filings to the Commission that specifically include a measure of the total megawatts of bids at each node relative to the available megawatts of generation at each node, and detail regarding how congestion and imbalances were resolved, whether through TLR or imbalance market mechanisms [Cite 72].

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(c) The Market Monitor shall evaluate the effectiveness of SPP's Markets and Services in signaling the need for investment in new generation, transmission or demand response infrastructure and report on its findings at least annually. [Cite 141].

(d) The Market Monitor shall verify that Balancing Authorities activate the Reserve Sharing System on a non-discriminatory basis in accordance with Section 6.4.2 of the SPP Criteria. [Cite 96]

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4.3 Market Behavior Rules [Cite 146]

All suppliers with market-based rates are required to comply with the Market Behavior Rules defined FERC Order No. 670 and the Conditions for Public Utility Market-Based Rate Authorization Holders defined in FERC Order No. 674, as they may be amended from time to time. The Market Monitor shall monitor for violations of these rules and report any suspected violations to FERC Staff in accordance with the FERC's reporting protocols for market monitors in a timely manner. Market Participants are required to abide by these market behavior rules.

4.4 Market Manipulation [Cite 146].

The Market Monitor will monitor the EIS Market for potential instances of market manipulation. Such actions or transactions that are without a legitimate business purpose and that are intended to or foreseeably could manipulate market prices, market conditions, or market rules for electric energy or electric products are prohibited. As listed by the FERC, prohibited behavior includes (a) wash trades, (b) submission of false data, (c) actions to cause artificial congestion and (d) collusive acts. The Market Monitor will report any market manipulation in the EIS Market in a timely manner.

4.5 Monitoring for Potential Transmission Market Power Activities

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The Market Monitor shall monitor SPP's Markets and Services for potential transmission market power activities by reviewing and analyzing data and information related to the availability of transmission facilities that impact access to services under this Tariff. The Market Monitor will monitor for activities particularly with respect to the withholding of transmission facilities or transmission capacity, including activities such as but not limited to, the following:

- (a) Physical withholding by Transmission Owners by providing improper information related to the availability of transmission, such as information related to the capability or other modeling data used by SPP for use in system operations;
- (b) Economic withholding by Transmission Owners through the use of methods and data for estimating costs of interconnection and system upgrades that is not comparable for affiliates and non-affiliates;
- (c) Unavailability of transmission facilities through planned and unplanned maintenance outages that routinely exceed historical baselines.

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The Market Monitor shall refer any instance(s) of potential transmission market power directly to FERC. Where appropriate, the Market Monitor shall also provide the FERC with an estimate of damages equal to (i) the effect on prices multiplied by (ii) the affected energy produced by the Transmission/Generation Owner. The Market Monitor may also request the FERC to impose additional sanctions and penalties, which may consist of a fixed dollar amount based on each instance, or an amount up to (i) the effect on prices multiplied by (ii) the affected energy produced by Market Participants other than the Transmission/Generation Owner.

For one year following the EIS Market Effective Date, the Market Monitor shall identify over and under-scheduling relative to the Market Participant's Reported

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Load when congestion occurs, and submit monthly reports to the Commission on the benefits gained by those Market Participants, the Over Scheduling Charges and Under Scheduling Charges made to Market Participants, and any other issues the Market Monitor deems relevant to over and under-scheduling. As a component of this reporting, the Market Monitor shall determine, and recommend if needed changes to the Market Protocols to address any significant issues presented by this ongoing review. [Cite 55]

4.6 Monitoring for Strategic Bidding [Cite 174]

The Market Monitor shall monitor SPP's Markets and Services for potential abuse of strategic bidding by reviewing and analyzing relevant data and information related to uneconomic overproduction and strategic withholding. Specifically, the Market Monitor will look for cases where Self-Dispatched Resources cause congestion on transmission facilities in an uneconomic manner that are not justified by reliability concerns. The specific steps would be to

- (a) determine that the Self Dispatched Resource is causing congestion;
- (b) determine that the Self-Dispatch Resource is uneconomic (i.e. incremental cost exceeds the Resource's Locational Imbalance Price);
- (c) determine that the uneconomic production is not obviously justified by reliability or other operational concerns.

If the determinations in (a) to (c) are made, there would be sufficient credible information for referral to the Commission.

4.7 Maintenance of Monitoring Plan

At least every three years, after receiving input from the Market Monitor, Market Participants, regulatory authorities, and others, SPP shall evaluate this Plan to determine if changed market conditions have changed its effectiveness and require that it be modified.

5. Review of Market Activity

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5.1 Requests

Any Market Participant or Interested Government Agency may raise any issue with the Market Monitor and request that the Market Monitor consider the issue in its monitoring and reporting. The Market Monitor may include this issue in its monitoring or reporting if it determines it is appropriate to do so. The Market

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Monitor should not monitor or report on any complaint pertaining to issues not related to SPP's Markets and Services or activities not monitored and overseen by the Market Monitor.

Any requests by Market Participants and Interested Government Agencies to the Market Monitor may be made confidentially. The Market Monitor shall maintain the confidentiality to the extent practicable.

6. Compliance and Corrective Actions

6.1 Compliance

The Market Monitor shall administer SPP's FERC-approved mitigation plan specified in Attachment AF and remedy any actual or potential abuse of market power or market design inefficiencies as part of its monitoring process. However, the Market Monitor's activities are limited to matters that (i) are expressly set forth in this Tariff; (ii) involve objectively-identifiable behavior; and (iii) do not subject the Market Participant to sanctions or other consequences other than those expressly approved by the Commission and set forth in this Tariff. As part of the monitoring process, the Market Monitor may:

- (a) ~~Communicate~~ with Market Participants to ~~implement the~~ mitigation and compliance ~~measures of this tariff; [Cite 143].~~
- (b) Issue a demand letter requesting Market Participants causing the issue to arise to change actions as the Market Monitor deems proper to achieve mitigation and/or compliance; and
- (c) Implement any FERC-approved, applicable mitigation measure with or without prior discussions or a demand letter, as appropriate.

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The Market Monitor may also engage in discussions with persons or entities other than Market Participants as necessary as part of any investigatory or compliance process.

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[Cite 143]

6.2 Corrective Actions for Market Design

If the Market Monitor discerns any weaknesses or failures in market design and market rules, including the determination that SPP's Markets and Services are not resulting in just and reasonable prices or providing appropriate incentives for investment in needed infrastructure, the Market Monitor shall advise the appropriate Organizational Group of SPP, the President of SPP, the RSC, appropriate state authorities, and FERC Staff. Should SPP not respond within 60 days, the Market Monitor may recommend changes in market design and market rules to the Board of Directors, FERC and the RSC as needed. If SPP responds, but does not recommend changes to market design and market rules that are acceptable to the Market Monitor, the Market Monitor shall report to the Board of Directors and the appropriate regulatory body or bodies as needed, and then SPP may file a petition or submission seeking appropriate action from FERC or any other appropriate enforcement agency. The Market Monitor shall make recommendations for changes to this Tariff as necessary to correct weaknesses or failures in SPP's Markets and Services.

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¶ Informal discussions and the issuance and content of any demand letter for compliance purposes shall be confidential, subject to (a) the right of the Market Participant(s) involved to waive such confidentiality and (b) the resolution of the issue, at which time other Market Participants may be provided notice of the resolution if deemed appropriate for the furtherance of the purposes and objectives of this Plan.¶

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In the event that any weaknesses or failures in market design require immediate corrective action to ensure just and reasonable prices, the Market Monitor may request the President of SPP to authorize an immediate FERC filing requesting implementation of a corrective action while the appropriate Organizational Group of SPP responds to the Market Monitor's notification as described above. The requested immediate corrective action should be the method least intrusive or disruptive to SPP's Markets and Services necessary to resolve the market weakness or failure as determined by the Market Monitor. Prior to making such a request to the President of SPP, the Market Monitor will make reasonable efforts to discuss with affected Market Participants and the staff of affected Interested Government Agencies the market weakness or failure potentially requiring immediate corrective action.

7. Periodic Reports and Reports to Government Agencies

7.1 Reports to the Board of Directors

The Market Monitor shall prepare and submit to the Board of Directors periodic reports at least on an annual basis (and any other reports required by the Board of Directors) relating to its activities. In such reports, the Market Monitor may make recommendations regarding any matter within its purview. The reports to the Board of Directors shall include recommendations as to whether changes are necessary to the Market Monitor, this Plan, this Tariff, the SPP Bylaws, agreements between SPP and its Members, or any other policies, procedures, and standards under the Market Monitor's purview. Any such reports may be subject to confidentiality provisions consistent with Section 8.1.

7.2 Reports to Government Agencies

The Market Monitor shall submit to the FERC Staff and other affected regulatory authorities, including Regional State Committees, the reports provided to the Board of Directors and other such reports either as may be requested by the FERC Staff or such authorities, subject to protection of confidential, proprietary and

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commercially sensitive information and the protection of the confidentiality of ongoing monitoring activities.

8. Data Access, Collection and Retention

The Market Monitor shall regularly collect and maintain Data and Information necessary for monitoring SPP's Markets and Services and implementing mitigation protocols.

8.1 Confidentiality

SPP and Market Participants may designate Data and Information as Confidential Information consistent with the terms of SPP's Membership Agreement and Section 7 of Attachment AE. If the designation of Confidential Information appears to be unreasonable, the Market Monitor may challenge such designation of Confidential Information consistent with Section 7 of Attachment AE.

The Market Monitor shall provide Confidential Information to Interested Government Agencies consistent with the terms of Section 7.4 of Attachment AE.

8.2 Access to SPP Data and Information

The Market Monitor shall have access to all Data and Information gathered or generated by SPP in the course of its operations. This Data and Information shall include, but not be limited to, that listed in Section 4 of this Plan. All Data and Information listed in Section 4 of this Plan shall be retained by SPP for a minimum period of three years.

8.3 Access to Market Participant Data and Information

Market Participants shall retain all Data and Information listed below, and in Section 4 of this Plan as applicable, that is in the custody and control of Market Participants, for a minimum of three years and will promptly provide any such Data and Information to the Market Monitor upon request [Cite 152]. Market Participants shall be capable of providing the Data and Information to the Market Monitor, upon request, in the Market Participant's native format along with a description of the native data format used. If necessary, due to proprietary format

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restrictions, the Market Participant shall be capable of providing the data to the Market Monitor in a non-proprietary format, such as CSV or XML format along with a description of the data format used. Any such request will be accompanied by an explanation of the need for such Data and Information. Market

Participants may designate such Data and Information as Confidential Information, but such Data and Information may

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not be redacted or modified in any manner prior to delivery to the Market Monitor by the Market Participant.

Data and Information to be retained by Market Participants and provided to the Market Monitor upon request:

- (a) All Data and Information relating to the costs of operating a generating unit, including but not limited to, heat rates, start-up fuel requirements, fuel purchase costs, environmental costs, and operating and maintenance expenses;
- (b) All Data and Information regarding opportunity costs of a generating unit, including but not limited to, regulatory, environmental, technical, or other restrictions that limit the run-time or other generating unit operating characteristics;
- (c) All Data and Information relating to the operating status of a generating facility, including generator logs showing the generating status of a specified unit, including information relating to a forced outage, planned outage or derating of a generating unit;
- (d) All Data and Information relating to the operating status of a transmission facility, a contingency, or other operating consideration, including forced outages, planned outages or derating of a transmission system component;
- (e) All Data and Information relating to transmission system planning, including studies, reports, plans, models, analyses, and filings with FERC or any state regulatory commission;
- (f) All Data and Information relating to the ability of a Market Participant or its affiliate to determine the pricing or output level of generating capacity owned by another entity, including but not limited to any document setting forth the terms or conditions of such ability.

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(g) All Data and Information used in the course of business operations in arriving at a decision by a Reserve Sharing Group member to call an Operating Reserve Contingency and to request assistance. [Cite 152].

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If any additional Data and Information not listed above or in Section 4 of this Plan is required from Market Participants by the Market Monitor for the purpose of fulfilling its responsibilities, the Market Monitor may request such Data and Information from Market Participants. Such Data and Information shall be provided in a timely manner by Market Participants. Any such request shall be accompanied by an explanation of the need for such data or other information, a specification of the form or format in which the data is to be produced, and an acknowledgement of the obligation of the Market Monitor to maintain the confidentiality of the data. If a Market Participant receiving a request for Data and Information not listed above or in Section 4 of this Plan believes that production of the requested Data and Information would impose a substantial burden or expense, or would require the party to produce information that is not relevant to achieving the purposes or objectives of this Plan, the Market Participant receiving the request shall promptly so notify the Market Monitor. The Market Monitor shall review the request with the receiving Market Participant to determine whether, without unduly compromising the objectives of this Plan, the request can be narrowed or otherwise modified to reduce the burden or expense of compliance, and if so shall so modify the request. No party that is the subject of a data request shall be required to produce any summaries, analyses or reports of the data that do not exist at the time of the data request.

If the Market Monitor determines that the requested Data and Information has not or will not be provided in a timely manner, the Market Monitor may utilize (a) the dispute resolution procedures under this Tariff or under the SPP Bylaws as applicable or (b) a filing with the appropriate regulatory or enforcement agency to compel the production of the requested information.

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8.4 Certification and Auditing

The Market Monitor shall, from time to time, audit Market Participants to ensure compliance with the data retention requirements established in this Plan. Market Participants shall cooperate with the Market Monitor in such audits. The Market Monitor will annually destroy, and certify such destruction to the Board of Directors, information in its possession which is no longer reasonably necessary.

9. Miscellaneous Provisions

9.1 Rights and Remedies

This Plan does not restrict SPP and Market Participants from asserting any rights they may have under state and federal regulation and laws, including initiating proceedings before the FERC regarding any matter which is subject to this Plan.

9.2 Disputes

Disputes as to the implementation of, or compliance with, this Plan shall be subject to the dispute resolution procedures under this Tariff or under the SPP Bylaws as applicable or subject to review by FERC.

10. Review of Market Monitor

The activities of the Market Monitor shall be reviewed from time to time by the Board of Directors.

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MARKET PARTICIPANT SERVICE AGREEMENT

ATTACHMENT AH

**FORM OF SERVICE AGREEMENT FOR MARKET PARTICIPANTS SELLING INTO
THE ENERGY IMBALANCE SERVICE MARKET**

1. This Service Agreement dated as of _____ is entered into by and between _____(Transmission Provider) and _____(Customer).
2. The Customer has submitted an application for participation in the EIS Market and has registered its Resources in accordance with the market application and asset registration procedures specified in the Market Protocols.
3. To the extent that the Customer is not a Transmission Customer, a Network Customer, a Generation Interconnection Customer or a Transmission Owner under the Tariff, Customer represents and warrants that it has obtained the necessary transmission service from third parties to enable it to deliver Imbalance Energy to the Transmission System from its registered Resources and Customer has provided sufficient proof of said transmission service to the Transmission Provider.
4. The Customer represents and warrants that it has met all applicable requirements set forth in the Transmission Provider's Tariff and has complied with all applicable procedures under the Tariff.
5. The Transmission Provider agrees to provide and the Customer agrees to take and pay for, or to supply to the Transmission Provider, Imbalance Energy in accordance with the provisions of the Transmission Provider's Tariff and to satisfy all obligations under the terms and conditions of the Transmission's Provider's Tariff, as may be amended from time-to-time, filed with the Commission.
6. The Transmission Provider and the Customer agree that this Service Agreement shall be subject to, and shall incorporate by reference, all of the terms and conditions of the Transmission Provider's Tariff.
7. It is understood that, in accordance with the Transmission Provider's Tariff, the Transmission Provider may amend the terms and conditions of this Service Agreement by notifying the Customer in writing and making the appropriate filing with the Commission.

8. The Customer represents and warrants that:
 - (a) At any time it has registered one or more Resources that the Customer intends to offer for sale into the EIS Market in accordance with procedures specified in the Market Protocols, it either (a) has on file with the Commission for each of such Resources market-based rate authority and/or other Commission-approved basis for setting prices in the EIS Market, or (b) is exempt from the requirement to have rates for services on file with the Commission;
 - (b) This Service Agreement, or any Transaction entered into pursuant to the Service Agreement, as applicable, has been duly authorized;
 - (c) This Service Agreement is the legal, valid, and binding obligation of the Customer enforceable in accordance with its terms, except as it may be rendered unenforceable by reason of bankruptcy or other similar laws affecting creditors' rights, or general principles of equity.
9. The Customer warrants and covenants that, during the term of the Service Agreement, the Customer shall be in compliance with all federal, state, and local laws, rules, and regulations related to the Customer's performance under the agreement.
10. Service under this Service Agreement shall commence on the later of: _____ the date of execution of the Service Agreement, or such other date as it is permitted to become effective by the Commission. Service under this Service Agreement shall terminate on in accordance with Section 13 below.

11. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below:

Transmission Provider: _____

Customer: _____

12. Cancellation Rights:

If the Commission or any regulatory agency having authority over this Service Agreement determines that any part of this Service Agreement must be changed, the Transmission Provider shall offer to the Customer within (15) days of such determination an amended Service Agreement reflecting such changes. In the event that the Customer does not execute such an amendment within thirty (30) days, or longer if the Parties mutually agree to an extension, after the Commission's action, this Service Agreement and the amended Service Agreement shall be void.

13. Termination:

- (a) The Customer may terminate service under this Service Agreement no earlier than ninety (90) days after providing the Transmission Provider with written notice of the Customer's intention to terminate. The Customer's provision of notice to terminate service under this Service Agreement shall not relieve the Customer of its obligation to pay any rates, charges, or fees due under this Service Agreement, and which are owed as of the date of termination.
- (b) The Transmission Provider may terminate service under this Service Agreement if the Customer is in default, such default condition as defined under Section 8.1 of the SPP credit policy, in accordance with the procedures specified under Section 7.3 of the Transmission Provider's Tariff or Section 6.5 of Attachment AE to the Transmission Provider's Tariff, as applicable.

14. The Customer hereby appoints the Transmission Provider as its agent for the limited purpose of effectively transacting on the Customer's behalf in accordance with the terms and conditions of the Transmission Provider's Tariff. The Customer agrees to pay all amounts due and chargeable to the Customer and the Transmission Provider agrees to pay all amounts creditable to the Customer in accordance with the terms of the Transmission Provider's Tariff.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

Customer:

By: _____

By: _____

Dated: _____

Dated: _____

Title: _____

Title: _____

ATTACHMENT AK
TREATMENT OF RESERVE SHARING CHARGES AND REVENUES

I. Reserve Sharing Activation

In order to activate the Reserve Sharing System, the Balancing Authority operators shall notify the Transmission Provider in accordance with Section 6.4.2 of the SPP Criteria. In accordance with Section 4.2 of Attachment AE, Balancing Authority Area operators must activate the Reserve Sharing System on a non-discriminatory basis for all Resources within their Balancing Authority Area.

II. Charges for Reserve Sharing Services

Charges for energy assistance supplied during a reserve sharing activation will be calculated in accordance with the applicable contracts between members of the Reserve Sharing Group (RSG). The affected Balancing Authority will be invoiced by the members of the RSG in accordance with the applicable contracts and will submit these invoices and its own charges calculated as if it was supplying assistance to another RSG member to the Transmission Provider for reimbursement.

The Transmission Provider shall invoice the Market Participant registered for the Resource causing the need to activate the Reserve Sharing System for the total of the charges provided to the Transmission Provider by the affected Balancing Authority.

III. Revenues for Reserve Sharing Services

Revenues collected by the Transmission Provider under Section II of this Attachment AK will be distributed to the affected Balancing Authority.

IV. Transmission Service Charges

Except as provided in Schedule 4 of this Tariff, there shall be no transmission service charges associated with the activation of the Reserve Sharing System on behalf of any Resource registered for the EIS Market.

Attachment AL

FORM OF NON-DISCLOSURE AGREEMENT FOR AUTHORIZED REQUESTORS

THIS NON-DISCLOSURE AGREEMENT (the “Agreement”) is made this ___ day of ___ by and between, _____, an Authorized Requestor employed or retained by an Authorized Agency with offices at _____, and Southwest Power Pool, Inc., an Arkansas not for profit corporation, with offices at 415 North McKinley, Suite 140, Little Rock, Arkansas 72205 (“SPP” or “Transmission Provider”). The Authorized Requestor and the Transmission Provider shall be referred to herein individually as a “Party,” or collectively as the “Parties.” Unless otherwise stated herein, capitalized terms shall have the same meaning as set forth in Attachment AE to the Transmission Provider’s Tariff on file with the Federal Energy Regulatory Commission.

RECITALS

Whereas, the Transmission Provider serves as the Regional Transmission Organization with reliability and/or functional control responsibilities over transmission facilities in the states of the Transmission Provider region, and operates and oversees certain wholesale markets for electricity pursuant to the requirements of this Tariff; and

Whereas, the Transmission Provider’s Market Monitor serves as the monitor for certain wholesale markets for electricity in the Transmission Provider’s region as specified in the Transmission Provider’s Tariff; and

Whereas, Attachment AE to the Transmission Provider’s Tariff requires that the Transmission Provider and the Market Monitor maintain the confidentiality of Confidential Information; and

Whereas, Section 7.4 of Attachment AE to the Transmission Provider’s Tariff requires the Transmission Provider and the Market Monitor to disclose Confidential Information to Authorized Requestors upon satisfaction of conditions stated in Attachment AE to the Transmission Provider’s Tariff, including the execution of this Agreement by the Authorized Requestor; and

Whereas, the Transmission Provider desires to provide Authorized Requestors with the broadest possible access to Confidential Information, consistent with the Transmission Provider’s and the Market Monitor’s obligations and duties under the Transmission Provider’s Tariff and applicable FERC Orders; and

Whereas, this Agreement is a statement of the conditions and requirements, consistent with the requirements of Attachment AE to the Transmission Provider’s Tariff, whereby the Transmission Provider or the Market Monitor shall provide Confidential Information to the Authorized Requestor.

NOW, THERFORE, agreeing to be legally bound, the Parties hereby agree as follows:

1. DEFINITIONS.

1.1 Information Request. A written request in accordance with the terms of this Agreement for disclosure of Confidential Information pursuant to Section 7.4 of Attachment AE to the Transmission Provider's Tariff.

1.2 Third Party Request. Any request or demand by any entity upon an Authorized Requestor or an Authorized Agency for release or disclosure of Confidential Information. A Third Party Request shall include, but shall not be limited to, any subpoena, discovery request, request pursuant to state freedom of information or public records access statutes or regulations, or other request for Confidential Information made by any: (i) federal, state or local government subdivision, department, official, agency or court, or (ii) arbitration panel, business, company, entity or individual. This provision is subject to any applicable exception under Attachment AE to the Transmission Provider's Tariff.

2. Protection of Confidentiality.

2.1 Representation as to Status and Acceptance of Duty to Not Disclose.

The Authorized Requestor states that: (a) he or she is an Authorized Requestor as defined herein; (b) he or she is employed or retained by _____ [name of Authorized agency] as _____; (c) he or she is authorized by the _____ [name of Authorized Agency] to enter into and perform the obligations of this Non-Disclosure Agreement; (d) the Authorized Agency identified in Subsections (b) and (c) above has practices or procedures adequate to protect against the unauthorized release of Confidential Information received; (e) he or she is familiar with, and will comply with, all such applicable Authorized Agency practices or procedures; (f) he or she is authorized to represent and warrant and does so represent and warrant that the Authorized Agency identified in Subsections (b) and (c) above will deny Third Party Requests and defend, consistent with the terms of Section 2.4.6 below, against any legal process that seeks the release of any Confidential Information in contravention of the terms of the Non-Disclosure Agreement; and (g) he or she is not in breach of any Non-Disclosure Agreement entered into with the Transmission Provider. The Authorized Requestor also states that he or she will act consistently with the representations and confirmations made to SPP under Section 7.4 of Attachment AE of Transmission Provider's Tariff.

2.2 Conditions Precedent.

The Authorized Requestor agrees that as a condition of the execution, delivery and effectiveness of this Agreement by the Transmission Provider and the continued provision of Confidential Information pursuant to the terms of this Agreement, the Authorized Agency shall, prior to the initial Information Request for Confidential Information by an Authorized Requestor on its behalf, provide the Transmission Provider with information, documents and certifications required of the Authorized Agency and its Authorized Requestor under Transmission Provider's Tariff. The Authorized Agency and its Authorized Requestor also agree that as a condition of the execution, delivery and effectiveness of this Agreement that they will fully comply with any other terms of Section 7.4 of Attachment AE of the Transmission Provider's Tariff.

2.3 Care and Use of Confidential Information.

2.3.1 Control of Confidential Information. The Authorized Requestor shall be the custodian of any and all Confidential Information received pursuant to the terms of this Agreement from the Transmission Provider or the Market Monitor.

2.3.2 Access to Confidential Information. Except when inconsistent with state or federal law, the Authorized Requestor shall ensure that Confidential Information received by that Authorized Requestor is disclosed, only as allowed under Section 7.4 of Attachment AE of Transmission Provider's Tariff.

2.3.3 Notice of Change in Status. The Authorized Requestor or Authorized Agency shall promptly notify the Transmission Provider of any change that would affect the Authorized Requestor's status as an Authorized Requestor.

2.3.4 Use of Confidential Information. The Authorized Requestor shall use the Confidential Information only as provided in the Section 7.4 of Attachment AE of Transmission Provider's Tariff.

2.3.5 Return of Confidential Information. When the Authorized Agency determines that it no longer needs the Confidential Information that was disclosed to the Authorized Requestor (e.g., if for any reason the Authorized Requestor is not, or will no longer be an Authorized Requestor, and the Confidential Information he or she received is no longer needed by the Authorized Agency), the Authorized Agency or Authorized Requestor shall: (a) return the Confidential Information and all

copies thereof to the Transmission Provider or the Market Monitor, or (b) certify to the Transmission Provider or the Market Monitor that all paper copies have been destroyed and all electronic copies of the Confidential Information have been deleted, or identify the time by which it will comply with either (a) or (b) above consistent with state document retention laws. The Transmission Provider or the Market Monitor shall waive this condition in writing if such Confidential Information has become publicly available or non-confidential in the course of business or pursuant to the Attachment AE to Transmission Provider's Tariff or applicable rule or order of the FERC. Upon the request of the affected Market Participant, but in any event no later than one year from the date of disclosure, the Transmission Provider shall inquire of the Authorized Requestor as to when the need for the information as originally specified in the Information Request will be concluded. The Authorized Requestor shall respond to the Transmission Provider within 30 days.

2.4 Ownership and Privilege. Nothing in this Agreement, or incident to the provision of Confidential Information to the Authorized Requestor pursuant to any Information Request, is intended, nor shall it be deemed, to be a waiver or abandonment of any legal privilege that may be asserted against subsequent disclosure or discovery in any formal proceeding or investigation. Moreover, no transfer or creation of ownership rights in any intellectual property comprising Confidential Information is intended or shall be inferred by the disclosure of Confidential Information by the Transmission Provider or by the Market Monitor, and any and all intellectual property comprising Confidential Information disclosed and any derivations thereof shall continue to be the exclusive intellectual property of the Transmission Provider, Market Monitor, the affected Market Participant, and/or other owner(s) thereof.

3. Unauthorized Disclosure, and Remedies for Breach of Agreement.

3.1 Notification of Unauthorized Disclosure to Third Parties. As provided in Transmission Provider's Tariff, the Authorized Requestors and/or their respective Authorized Agency shall promptly notify the Transmission Provider or the Market Monitor, who shall, in turn, promptly notify any affected Market Participant of any unauthorized release of Confidential Information provided pursuant to any Non-Disclosure Agreement. The Authorized Requestor shall take steps to minimize any further release of Confidential Information, and shall take reasonable steps to attempt to retrieve any Confidential Information that may have been released.

3.2 Breach. The Authorized Requestor agrees that its release of Confidential Information to persons not authorized under this Agreement to receive it constitutes a breach of this Agreement, unless the Authorized Requestor is required under state or federal law to release such information. If the

Transmission Provider or the Market Monitor determines on its own, or agrees with an Authorized Agency, or receives from an Authorized Requestor or Authorized Agency a written notice, that a breach has occurred, or FERC has made a ruling that a breach has occurred, the Transmission Provider and/or the Market Monitor shall terminate the Non-Disclosure Agreement and require either the immediate return of all Confidential Information obtained by the Authorized Requestor pursuant to the Non-Disclosure Agreement or a certification of its destruction. The Transmission Provider shall verify the breach in consultation with the Authorized Agency. If it is subsequently determined that there was no breach, the Transmission Provider shall restore the status of the Authorized Requestor, and may also restore such status if otherwise justified by circumstances described in Subsection (b) above.

3.3 Post Employment or Post Retention Duties. If an Authorized Requestor who has received Confidential Information pursuant to this Agreement terminates his or her employment with the sponsoring Authorized Agency or is otherwise no longer employed by the Authorized Agency, he or she shall:

- (a) Notify the Authorized Agency, the Transmission Provider and the Market Monitor of the change in status; and
- (b) Certify to the Transmission Provider that he or she has transferred control of the Confidential Information to another Authorized Requestor at the same Agency, has retained no personal copies of the Confidential Information and that any Confidential Information not transferred has been destroyed.

If these steps have been taken, then the limitations as to liability in Section 3.3 shall apply to the former employee.

4. Notices. All notices required pursuant to the terms of this Agreement shall be in writing, and served upon the following individuals in person, or at the following addresses or email addresses:

If to the Authorized Requestor:

(email address)
with a copy to

(email address)

If to the Transmission Provider:

(email address)
with a copy to

(email address)

If to the Market Monitor:

(email address)
with a copy to

(email address)

5. Severability and Survival. In the event any provision of this Agreement is determined to be unenforceable as a matter of law (including state Freedom of Information Act statutes), the Parties intend that all other provisions of this Agreement remain in full force and effect in accordance with their terms. In the event of conflicts between the terms of this Agreement and Transmission Provider's Tariff, the terms of Transmission Provider's Tariff shall in all events be controlling. The Authorized Requestor acknowledges that any and all obligations of the Authorized Requestor hereunder shall survive the severance or termination of any employment or retention relationship between the Authorized Requestor and its respective Authorized Agency.

6. Representations. The undersigned is able to perform all of the obligations and duties contained herein.

7. Counterparts. This Agreement may be executed in counterparts and all such counterparts together shall be deemed to constitute a single executed original.

8. Amendment. This Agreement may not be amended except by written agreement executed by authorized representatives of the Parties.

9. Assignment. This Agreement is not assignable without the written agreement of both Parties.

Southwest Power Pool, Inc.

AUTHORIZED REQUESTOR

By:

By:

Name

Title:

Date:

Name

Title:

Date:



**Southwest Power Pool, Inc.
SOUTHWEST POWER POOL STAFF**

Recommendation to the Board of Directors/Members Committee

May 17, 2006

SPP and Balancing Authorities Settlement Agreement

Organizational Roster

The following people were present for at least one discussion: Shah Hossain, Kip Fox, Pete Kuebek, Richard Ross, Richard Spring, Bary Warren, Tim Woolley, Carl Monroe, Lanny Nickell, Tom Stuchlik, Bob Stewart, Paul Mahlberg, Bill Nolte, David Lieb, Gary Newell, Mike Small, Andy Swers, James Liao, Terri Eaton, Tracey Stewart, Bill Grant, Christina Ryan, Matt Dutton, Bob Adams, Cindy Bogoard, Stan Mason, Scott Moore, Kimber Shoop, Les Dillahunty, Pat Bourne, James Liao, Alan Myers, Burton Crawford, Patty Denny, Brian Berkstresser, Jacyn Randanzo, Robin Morecroft, Gerry Burrows, Noman Williams, Bob Thompson, Kelly Harrison, Dennis Reed, Michael Desselle, Robin Kittell, Mike Wise, Kim Bruchser, Alan Derishweiler, Margaret Claybour, Craig Roach, Dan Frank, Terri Gallup, Suzzane McBride.

Background

FERC issued its second order (Order) on March 20, 2006 regarding the energy imbalance market (EIS Market) revisions to SPP's Tariff. In paragraph 91, FERC stated:

"Therefore, as we did in the *TEMT II Order*, we direct SPP and control area operators to negotiate before a settlement judge the proper allocation of functional responsibilities, costs and liability associated with SPP's new role in its region. They may seek the assistance of the Commission's dispute resolution staff for this process. SPP is directed to make a filing no later than 60 days from the date of this order containing a detailed allocation between SPP and the control areas of the tasks within the balancing function and the reliability function. In the same filing, the parties are directed to submit their proposed resolution of the allocation of the functional responsibilities, costs and liability among SPP and the control areas."

Summary

SPP Staff and the Balancing Authorities (previously known as Control Areas) (BAs) have worked diligently to develop an agreement that would delineate the functions of SPP and the BAs and also include a tariff revision to address liability.

Analysis

SPP Staff and the Balancing Authorities first met by Conference Call on or about March 30th in order to discuss the process to respond to FERC on these particular issues. Agreement was reached that the parties would propose to the FERC Settlement Judge 1) to work from the MISO Control Area Settlement Agreement; 2) a set of meetings between the parties, including non-signatories to negotiate an agreement; 3) provide progress reports to the Settlement Judge and an additional meeting to finalize any issues remaining. The FERC Settlement Judge accepted the proposed approach and the parties were able to meet for a first walk through on April 5th. Subsequent meetings were held in person or by conference call on April 6th, April 13th, April 20th, April 27th, and May 1st. Drafts were sent out after each meeting and comments were requested from all interested parties. All comments were discussed and the document was edited appropriately. The parties again met with the FERC Settlement Judge on May 2nd at which time the Judge was informed that SPP staff and the BAs were in significant agreement. The one outstanding issue from SPP Staff was on Section 7.3 *Penalties*, which provides for compensation for



penalties imposed on the BAs resulting from SPP's action or inaction. The parties agreed to present the issue to the SPP Board of Directors for its consideration at the May 17th meeting. SPP staff needs direction as to whether the membership and the Board are willing to assume this liability; the BAs feel it is essential to the agreement. The FERC Settlement Judge asked that she be informed of the decision of the SPP Board by noon on May 18th. The expectation is that if the document is approved by the Board, SPP will file the agreement as an uncontested settlement with FERC on May 19th.

Recommendation

SPP Staff recommends that the Board of Directors authorize SPP to enter into the "AGREEMENT BETWEEN SOUTHWEST POWER POOL, INC. AND SOUTHWEST POWER POOL BALANCING AUTHORITIES RELATING TO IMPLEMENTATION OF THE EIS MARKET".

Approved: Consensus to send to Board by Parties May 10, 2006
including SPP Staff

Action Requested: Approval

AGREEMENT BETWEEN SOUTHWEST POWER POOL, INC. AND SOUTHWEST
POWER POOL BALANCING AUTHORITIES RELATING TO
IMPLEMENTATION OF THE EIS MARKET

Document Management

Version	Editor	Date/Time
4.0	Carl A. Monroe	05/10/2006; 3:00 PM CPT
Final Version for Board Review		

Version	Editor	Date/Time

Version	Editor	Date/Time

Version	Editor	Date/Time

Version	Editor	Date/Time

Version	Editor	Date/Time

Version	Editor	Date/Time

Version	Editor	Date/Time

**AGREEMENT BETWEEN SOUTHWEST POWER POOL, INC. AND
SOUTHWEST POWER POOL BALANCING AUTHORITIES RELATING TO
IMPLEMENTATION OF THE EIS MARKET**

Southwest Power Pool, Inc (SPP) and the SPP Balancing Authorities agree to the following terms.

1. RECITALS

- 1.1 In its March 20, 2006 Order in Southwest Power Pool, Inc., Docket No. ER06-451-000 (paragraphs 19, 90, 91 and 97), the FERC ordered procedures before a settlement judge to resolve issues between SPP and SPP Balancing Authorities relating to implementation of the EIS Market through the SPP Open Access Transmission Tariff (OATT).
- 1.2 The Parties have had conversations and participated in settlement conferences and have developed a Settlement Agreement to which this Agreement is attached which represents a settlement of issues between the SPP Balancing Authorities and SPP relating to implementation of the EIS Market through the SPP OATT.
- 1.3 Through this Agreement the Parties have set out in detail the division and transfer of certain responsibilities between the SPP Balancing Authorities and SPP relating to implementation of the EIS Market through the SPP OATT.
- 1.4 The Parties believe that this Agreement is in the public interest.

2. DEFINITIONS

- 2.1 **ACTUAL INTERCHANGE.** The metered interchange over a specific interconnection between two directly interconnected Balancing Authorities or a Balancing Authority and a directly interconnected External Balancing Authority.
- 2.2 **ANCILLARY SERVICE PLAN.** Plans submitted by Market Participants to the Transmission Provider to demonstrate how they intend to meet their SPP OATT Schedule 3, Schedule 5 and/or Schedule 6 obligations in accordance with the timelines and data requirements specified in Section 2.3 of Attachment AE.
- 2.3 **AREA CONTROL ERROR (ACE)** The instantaneous difference between a Balancing Authority's Net Actual Interchange and Net Scheduled Interchange, taking into account the effects of Frequency Bias and correction for meter error. For the purposes of this Agreement the BA will use the Adjusted Net Scheduled Interchange for its ACE calculation

once the EIS Market is implemented. [References: NERC Glossary of Terms]

- 2.4 **ADJACENT BALANCING AUTHORITY.** A Balancing Authority that is interconnected to another Balancing Authority either directly or via a multi-party agreement or transmission tariff. [References: NERC Glossary of Terms]
- 2.5 **ADJUSTED NET SCHEDULED INTERCHANGE.** Net Scheduled Interchange as adjusted for EIS Market dispatch instructions, reserve sharing schedules, and inadvertent interchange payback schedules.
- 2.6 **AGREEMENT.** This “Agreement Between Southwest Power Pool, Inc. and Southwest Power Pool Balancing Authorities Relating To Implementation Of The EIS Market.” (Balancing Function Agreement)
- 2.7 **ANCILLARY SERVICES.** As defined in the SPP OATT.
- 2.8 **BALANCING AUTHORITY AREA.** The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area. [References: NERC Glossary of Terms]
- 2.9 **BALANCING AUTHORITY (BA).** Each NERC certified entity that performs the functions described in this Agreement either directly or indirectly through an agent or contractor, and that is a signatory to this Agreement (excluding SPP).
- 2.10 **DEFAULT.** As defined in Section 11.
- 2.11 **DISTRIBUTION FACILITIES.** Facilities that are the subject of a separate distribution charge pursuant to the OATT.
- 2.12 **DYNAMIC SCHEDULE.** A telemetered reading or value that is updated in real time and used as a schedule in the Automatic Generation Control (AGC)/ACE equation and the integrated value of which is treated as a schedule for interchange accounting purposes. Commonly used for scheduling jointly owned generation to or from another Balancing Authority Area. [References: NERC Glossary of Terms]
- 2.13 **EFFECTIVE DATE.** The effective date of this Agreement as specified in Section 12.
- 2.14 **EIS MARKET.** The market to provide EIS pursuant to changes to the SPP OATT.

- 2.15 **ELECTRIC TRANSMISSION SYSTEM.** The transmission facilities subject to SPP’s tariff administration, except for any Distribution Facilities.
- 2.16 **EMERGENCY.** (i) An abnormal system condition requiring manual or automatic action to maintain system frequency, or to prevent loss of firm load, equipment damage, or tripping of system elements that could adversely affect the reliability of any electric system or the safety of persons or property; (ii) a fuel shortage requiring departure from normal operating procedures in order to minimize the use of such scarce fuel; or (iii) a condition that requires implementation of Emergency procedures as defined in the SPP OATT.
- 2.17 **ENERGY EMERGENCY ALERT.** An alert declared by the Reliability Coordinator in accordance with the NERC Standard EOP-002-0 associated with a load serving entity’s inability to provide for the energy requirements of its customers.
- 2.18 **ENERGY IMBALANCE SERVICE (EIS)** Energy provided to meet the imbalance created between scheduled transactions and actual withdrawal or production through the energy market facilitated through the SPP OATT.
- 2.19 **ENERGY SCHEDULE.** A set of hourly energy injection and withdrawal values, in megawatts per hour, submitted by Market Participants, at valid sources and sinks.
- 2.20 **ERO.** The Electric Reliability Organization approved by FERC or a regional entity to which authority has been delegated.
- 2.21 **EXTERNAL BALANCING AUTHORITY.** Balancing authorities outside of SPP’s Electric Transmission System.
- 2.22 **FERC or the COMMISSION.** The Federal Energy Regulatory Commission or any successor agency.
- 2.23 **FREQUENCY BIAS SETTING (FREQUENCY BIAS).** A value, usually expressed in MW/0.1 Hz set into a Balancing Authority ACE algorithm that allows the Balancing Authority to contribute its frequency response to the Interconnection. [References: NERC Glossary of Terms]
- 2.24 **GOOD UTILITY PRACTICE.** Any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good

business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to the acceptable practices, methods, or acts generally accepted in the region.

- 2.25 **INADVERTENT INTERCHANGE.** The difference between a Balancing Authority Net Actual Interchange (Metered) and Net Scheduled Interchange. [References: NERC Glossary of Terms]
- 2.26 **INTERCHANGE TRANSACTION.** An agreement to transfer energy from a seller to a buyer that crosses one or more Balancing Authority Area boundaries.
- 2.27 **INTERMEDIATE BALANCING AUTHORITY.** A Balancing Authority Area that has connecting facilities in the scheduling path between the Sending Balancing Authority area and Receiving Balancing Authority area and operating agreements that establish the conditions for the use of such facilities.
- 2.28 **MARKET MONITOR.** The entity that is responsible for performing the monitoring and mitigation activities described in Attachments AF and AG to the SPP OATT.
- 2.29 **MARKET PARTICIPANT.** As defined in the SPP OATT.
- 2.30 **MARKET SCHEDULE.** A set of internal schedules created by the transmission provider where the source and sink of the schedule are determined based on the outcome of the real-time dispatch process or a reserve sharing event. [References: SPP OATT Section 1]
- 2.31 **MEMBERSHIP AGREEMENT.** The Membership Agreement of the Southwest Power Pool, Inc., an Arkansas non-profit corporation.
- 2.32 **NERC.** The North American Electric Reliability Council or any successor organization.
- 2.33 **NERC STANDARDS.** Reliability standards developed and approved through the NERC standards process.
- 2.34 **NET ACTUAL INTERCHANGE.** The algebraic sum of all metered interchange over all interconnections between two physically adjacent Balancing Authority Areas.
- 2.35 **NET SCHEDULED INTERCHANGE.** The algebraic sum of all Scheduled Interchange for a Balancing Authority Area. For the purposes of this Agreement the BA will use the Adjusted Net Scheduled Interchange for its ACE calculation once the EIS Market is implemented.

- 2.36 **OPEN ACCESS TRANSMISSION TARIFF (OATT).** FERC approved Pro-Forma Open Access Transmission Tariff.
- 2.37 **PARTIES.** The Balancing Authorities and SPP that have executed this Agreement.
- 2.38 **RECEIVING BALANCING AUTHORITY.** The Balancing Authority importing the interchange.
- 2.39 **RELIABILITY COORDINATOR.** SPP in its role as the NERC Reliability Coordinator for the SPP Region or its successor organization.
- 2.40 **RESOURCE PLAN.** A Market Participant’s plan to meet its energy obligations including specification of resource operating characteristics.
- 2.41 **SENDING BALANCING AUTHORITY.** The Balancing Authority exporting the interchange.
- 2.42 **SETTLEMENT AGREEMENT.** The Offer of Settlement submitted to FERC to which this Agreement is attached and all attachments thereto.
- 2.43 **SETTLEMENT AREA.** An area within a single Control Area (“Balancing Authority”) in the Transmission System for which interval metering can account for the net injections and net interchange associated with that area.
- 2.44 **SCHEDULED INTERCHANGE.** The planned interchange between two Adjacent Balancing Authorities or between SPP and a Balancing Authority or an External Balancing Authority.
- 2.45 **SINK BALANCING AUTHORITY.** The Balancing Authority in which the load (sink) is located for an Interchange Transaction. [References: NERC Glossary of Terms]
- 2.46 **SOURCE BALANCING AUTHORITY.** The Balancing Authority in which the generation (source) is located for an Interchange Transaction. [References: NERC Glossary of Terms]
- 2.47 **SOUTHWEST POWER POOL (SPP).** Southwest Power Pool, Inc. or any successor organization.
- 2.48 **SPP CRITERIA.** SPP’s approved operating and planning criteria.
- 2.49 **TRANSMISSION CUSTOMER.** As defined in the SPP OATT.

3. RELATIONSHIP TO THE MEMBERSHIP AGREEMENT

- 3.1 MEMBERSHIP AGREEMENT. Attachment A to the Membership Agreement sets forth a division of responsibilities in accordance with the NERC functional model. This Agreement is intended to be a more specific delineation of functions between SPP and the Balancing Authorities. All conflicts between Attachment A and this Agreement are to be resolved in favor of this Agreement.

4. OPERATIONS

- 4.1 GENERAL. In carrying out obligations under this Agreement, each Balancing Authority and SPP shall (i) follow Good Utility Practice, (ii) comply with applicable policies, standards and requirements of NERC Standards and SPP Criteria and their successors, and (iii) follow applicable laws and regulations.

- 4.2 PURPOSE. The purpose of this Agreement is to delineate the responsibilities between SPP and the Balancing Authorities as is necessary to allow the EIS Market to be implemented.

- 4.3 EFFECT OF TRANSFER OF RESPONSIBILITIES. To the extent that responsibilities and their associated tasks are transferred to SPP from Balancing Authorities by this Agreement and, as applicable, upon approval of a NERC regional difference, SPP here accepts the responsibilities, and the Balancing Authority is no longer obligated to perform the tasks associated with the responsibilities that have been transferred except in cases specified below in which there are dual responsibilities. When responsibilities are transferred to SPP, SPP assumes associated responsibilities, such as compliance with related NERC Standards and SPP Criteria. To the extent that tasks are delegated to SPP from Balancing Authorities by this Agreement, the Balancing Authorities retain the responsibilities associated such as compliance with related NERC Standards and SPP Criteria.

4.4 RESPONSIBILITIES RELATED TO SCHEDULED INTERCHANGE

- 4.4.1 The Balancing Authorities retain the responsibility of approving and confirming all Scheduled Interchange as a Source or Sink Balancing Authority including related transaction tagging responsibilities. The Balancing Authorities here delegate to SPP the task of approving and confirming the implementation of all Scheduled Interchange as the Intermediate Balancing Authority including related transaction tagging responsibilities. [References: NERC Standards INT-002-0 and INT-003-0]

- 4.4.2 (a) The Balancing Authorities retain the Sink/Source Balancing Authority responsibility of approving and confirming all

Scheduled Interchange for start and stop-time and ramp duration associated with resources delivering from/to another Balancing Authority. (b) The Balancing Authorities transfer to SPP the Sink/Source Balancing Authority responsibility of approving and confirming all Market Schedules for start time and stop time and ramp duration associated with resources delivered to/from another Balancing Authority. [References: NERC Standards INT-002-0 and INT-003-0, SPP OATT Section 1]

- 4.4.3 The Balancing Authority retains the responsibility of implementing Scheduled Interchange curtailment directives associated with schedules or transactions into, out of, or through SPP’s Electric Transmission System. The Balancing Authority transfers to SPP the responsibility of informing NERC of the true sink/source and reliability adjustments to Market Schedules. [References: NERC Standard INT-004-0]
- 4.4.4 The Sink Balancing Authority retains the responsibility of informing transmission providers outside of the SPP’s Electric Transmission System, the affected Reliability Coordinators and any appropriate Balancing Authorities of Scheduled Interchange curtailments. [References: NERC Standard INT-004-0]
- 4.4.5 The Balancing Authorities retain the responsibility of receiving information from a Market Participant or a Transmission Customer relating to operating reserve contingency, as defined in SPP Criteria 6, or load interruption. If SPP receives information regarding operating reserve contingency and/or load interruption directly from a Market Participant or Transmission Customer, SPP will immediately so notify the host Balancing Authority of that Market Participant.
- 4.4.6 SPP shall utilize the approved and valid interchange schedules in its security constrained economic dispatch model to develop dispatch instructions for resources and Adjusted Net Scheduled Interchange for Balancing Authorities. [References: SPP OATT Attachment AE Sections 1.1.17, 1.3.2, and 4.1]
- 4.4.7 SPP shall confirm with all Balancing Authorities Net Scheduled Interchange daily for each hour of the previous day. SPP will resolve any discrepancies. [References: NERC Standard INT-003-0]

4.5 RESPONSIBILITIES RELATING TO THE EIS MARKET

- 4.5.1 SPP shall follow the actions in the following NERC Standards:

- IRO-006-2 “Modification for Market Flow Information – SPP Difference”,
- BAL-006-1 “Inadvertent Interchange – SPP Difference”,
- INT-002-0 Including the “Waiver Request – Scheduling Agent” as approved by the NERC Operating Committee in November 2002,
- INT-003-0 Including the “Waiver Request – Scheduling Agent” as approved by the NERC Operating Committee in November 2002, and
- BAL-006-1 Including the “Waiver Request – Financial Inadvertent Settlement” as approved by the NERC Operating Committee in November 2002.

4.6 NET SCHEDULED INTERCHANGE CALCULATIONS AND DYNAMIC SCHEDULING

- 4.6.1 The Balancing Authorities delegate to SPP the task of calculating the Net Scheduled Interchange defined in Section 2.35 of this Agreement. [References: NERC Standard BAL-005-0]
- 4.6.2 SPP shall provide the Adjusted Net Scheduled Interchange to each Balancing Authority every four seconds that the Balancing Authorities shall use as Net Scheduled Interchange for calculating ACE adjusted as in 4.6.3 and 4.6.6. SPP will include in the calculation of Adjusted Net Scheduled Interchange the ramp rates, as approved, of the Scheduled Interchange. [References: SPP OATT Attachment AE Sections 1.2.7 and 4.1]
- 4.6.3 SPP shall provide the Adjusted Net Scheduled Interchange to each Balancing Authority for its DC ties every four seconds.
- 4.6.4 In calculating Adjusted Net Scheduled Interchange, SPP shall include all Scheduled Interchange except the estimate of the amounts of each Dynamic Schedule included in the dispatch calculation to serve as confirmation.
- 4.6.5 In calculating Adjusted Net Scheduled Interchange, SPP shall include Scheduled Interchange associated with sharing of operating reserves. The Balancing Authorities shall provide SPP with the necessary details concerning such reserve sharing arrangements as specified in SPP Criteria 6. [References: SPP OATT Attachment AE Section 4.2, SPP Criteria 6]
- 4.6.6 In calculating Adjusted Net Schedule Interchange, SPP shall include Scheduled Interchange associated with inadvertent payback administered by SPP pursuant to NERC Standard BAL-006-1.

- 4.6.7 In providing Adjusted Net Scheduled Interchange values, SPP shall undertake good faith efforts to provide accurate Adjusted Net Scheduled Interchange, including verifying the accuracy of information provided to it by any entity.
- 4.6.8 Each Balancing Authority shall use the Adjusted Net Scheduled Interchange provided by SPP further modified, as necessary, to reflect real-time Dynamic Schedules in its ACE calculation for real-time operations. [References: SPP OATT Attachment Section 1.2.7]

4.7 ACTUAL INTERCHANGE

- 4.7.1 Each Balancing Authority shall continue to collect, calculate, and verify Actual Interchange values for each interconnection the Balancing Authority has with other Balancing Authorities and External Balancing Authorities. In addition, each Balancing Authority shall seek to reach agreement on the Actual Interchange values with the Adjacent Balancing Authorities and External Balancing Authorities. Each Balancing Authority shall supply SPP with such hourly Actual Interchange data and indicate whether any data is in dispute. [References: NERC Standard BAL-006-2]
- 4.7.2 The Balancing Authorities here retain the responsibility of complying with the NERC reporting requirements for the area interchange error report. [References: NERC Standard BAL-006-2]

4.8 INADVERTENT INTERCHANGE

- 4.8.1 The Balancing Authorities here transfer to SPP the responsibility of administering Inadvertent Interchange accounts with regard to External Balancing Authorities, including calculating an Inadvertent Interchange quantity over each high voltage direct current interconnect and administering Inadvertent Interchange accounts in coordination with the respective External Balancing Authorities. [References: NERC Standard BAL-006-2 and Attachment AE Section 1.3.7 and 2.6]
- 4.8.2 The Balancing Authorities also transfer to SPP the responsibility of administering any Inadvertent Interchange between Balancing Authorities. [References: NERC Standard BAL-006-2, and Attachment AE Section 1.3.7 and 2.6]
- 4.8.3 The Balancing Authorities shall retain their Inadvertent Interchange accounts for Inadvertent Interchange from before the

Effective Date and SPP shall administer settlement of such Inadvertent Interchange accounts. [References: NERC Standard BAL-006-2 and Attachment AE Section 1.3.7 and 2.6]

4.8.4 There will be no costs assessed to Balancing Authorities by SPP associated with Inadvertent Interchange pursuant to this Agreement. [References: NERC Standard BAL-006-2 and Attachment AE Section 1.3.7 and 2.6]

4.8.5 The Balancing Authorities shall implement Inadvertent Interchange payback procedures consistent with applicable tariff provisions. [References: NERC Standard BAL-006-2 and Attachment AE Section 1.3.7 and 2.6]

4.8.6 In administering and settling Inadvertent Interchange accounts, SPP shall act prudently, reasonably, and in accordance with the SPP OATT. [References: NERC Standard BAL-006-2 and Attachment AE Section 1.3.7 and 2.6]

4.9 BALANCING AUTHORITY AREA CONTROL

4.9.1 Each Balancing Authority shall continue to be responsible for monitoring and controlling its ACE. [References: NERC Standards BAL-001-0 and BAL-002-0]

4.9.2 Each Balancing Authority shall continue to be responsible for calculating and utilizing the Frequency Bias Value for its Balancing Authority Area. [References: NERC Standard BAL-003-0]

4.9.3 Each Balancing Authority shall continue to be responsible for responding to time error corrections. [References: NERC Standard BAL-003-0]

4.9.4 SPP shall provide each Balancing Authority with the dispatch instructions, excluding any price information, for each generating resource within its Balancing Authority Area as determined on a five (5) minute basis. SPP shall ensure that the instructions for offered resources are within the limits of the generating units provided by the Market Participants and are within any transmission system operating limitations.

4.9.5 Both SPP and the Balancing Authorities shall utilize approved, valid and balanced Scheduled Interchange.

4.9.6 The Balancing Authorities retain the responsibility of resource commitment to ensure operating reserve (SPP Criteria 6) sufficiency. The Balancing Authorities, with support from SPP, will coordinate with other Market Participants within the Balancing Area to manage resource commitment to meet demand. [References: Attachment AE and NERC Standards: TOP-002-0, EOP-001-0; SPP Criteria 6]

4.10 CONTROL PERFORMANCE

4.10.1 Each Balancing Authority shall continue to be responsible for compliance with NERC and the SPP Criteria control performance requirements. [References: NERC Standards BAL-001-0 and BAL-002-0, SPP Criteria 6]

4.11 DATA EXCHANGE

4.11.1 The abilities of the Balancing Authorities and SPP to implement the provisions of Section 4.11 is only effective if all Market Participants and/or Transmission Customers within that Balancing Authority's Area are diligent in timely and accurately transmitting the referenced information to the Balancing Authority and/or SPP. If SPP receives information directly from a Market Participant/Transmission Customer, it will immediately send that information to that Market Participant's/Transmission Customer's host Balancing Authority. A Balancing Authority will not be found in violation of the terms of this Agreement if a Market Participant/Transmission Customer is found by the appropriate authority to be in non-compliance of the SPP OATT, the Membership Agreement, the SPP Criteria, and/or NERC Standards with respect to the information referenced in Section 4.11.

4.11.2 Each Balancing Authority and SPP shall provide the information and data that the other Party reasonably believes that it needs in order to carry out its responsibilities under this Agreement. The following subsections set forth certain specific data exchange requirements that are in addition to the general requirement in this Section 4.11.1.

4.11.3 The Balancing Authorities jointly with SPP shall be responsible for obtaining and receiving operational plans from generator operators and Market Participants under the EIS Market within each Balancing Authority Area. [References: NERC Standard TOP-002-0]

4.11.4 The Balancing Authorities retain the responsibility of submitting operational plans specified in NERC Standard TOP-002-0 to the

Reliability Coordinator and to SPP, as required, for reliability assessment. [References: NERC Standard TOP-002-0]

- 4.11.5 The Balancing Authorities shall provide available operational information to SPP as required under the SPP Criteria Appendix 7. [References: SPP Criteria Appendix 7 and NERC Standard TOP-005-0]
- 4.11.6 The Balancing Authorities retain the responsibility of providing planned generation dispatch to the Reliability Coordinator. [References: NERC Standard TOP-002-0]
- 4.11.7 Each Balancing Authority shall provide an hourly seven day look-ahead load forecast for its Balancing Authority Area to SPP by 11:00 Central Time implemented pursuant to the SPP Criteria. To the extent that the Balancing Authority is submitting a load forecast for an independent third party, the Balancing Authority will be required to submit a good faith estimate based upon the information it has available. [SPP Criteria Appendix 7]
- 4.11.8 If a Market Participant requests that information be provided to SPP through a Balancing Authority and, unless otherwise agreed by the Balancing Authority, the Market Participant agrees to reimburse the Balancing Authority for the costs associated with the provision of that information, and an agreement between the Balancing Authority and Market Participant has been entered into (such agreement to include protocols for accurate data provision), then the Balancing Authority shall effect such information transfer. The Balancing Authority does not take responsibility for any errors in the information received from a Market Participant that the Balancing Authority transfers to SPP.
- 4.11.9 SPP shall make the following information available to the Balancing Authority for each Settlement Area within that Balancing Authority Area: hourly Resource Plan (original and if updated), Ancillary Service Plan (original and if updated), hourly load forecast, 5-minute dispatch instruction, excluding price, Schedules (if any), native load schedules (if any), energy imbalance calculation for each Settlement Area, scheduled and actual Settlement Area load and/or generation, and registration information consisting of unit-to-plant groupings and associated settlement location names as well as information needed to associate SPP's network and SCADA models with the corresponding models maintained by the host Balancing Authority. SPP shall make this information available to the Balancing Authority immediately after it is received or calculated. Other

operating data is available from SPP to the Balancing Authority upon request.

4.11.10 All data provided under this Section shall be subject to any already applicable and any appropriate and reasonable confidentiality requirements.

4.12 ANCILLARY SERVICES

4.12.1 The obligation to provide and cost recovery for Ancillary Services shall be pursuant to applicable tariffs and contracts and is not being addressed here. This Agreement does not modify, limit, or expand the obligations in those contracts or tariffs.

4.12.2 Balancing Authorities shall coordinate the deployment of regulation and operating reserves with SPP. SPP shall provide information to the Balancing Authority necessary to allow the deployment.

4.12.3 SPP shall coordinate with the Balancing Authorities in determining the sufficiency and adequacy of Ancillary Services pursuant to Section 3 of the SPP OATT.

4.13 OTHER

4.13.1 Each Balancing Authority shall continue to be responsible for the coordination of controllable loads with load serving entities within its Balancing Authority Area, except for load acting as a resource offered into the EIS Market. SPP shall coordinate with the Balancing Authority to enable a load to act as an EIS Market resource. [References: NERC Standard BAL-002-0 and OATT Attachment AE 1.1.28]

4.13.2 The division of responsibilities in this Agreement assumes that SPP and the Balancing Authorities are not utilizing the reversion plan pursuant to the SPP OATT. To the extent that a reversion plan is implemented (consistent with the procedures in that plan detailing when that plan becomes effective), then this division of responsibilities shall not be applicable; instead, the applicable portions of the reversion plan will be controlling.

4.13.3 SPP and a Balancing Authority may agree by separate written contract to a modification of the division of responsibilities between a Balancing Authority and SPP set forth in this Section 4. Any such agreement shall not be considered a modification or amendment to this Agreement.

4.14 EMERGENCY OPERATIONS

- 4.14.1 SPP retains the responsibility of declaring Energy Emergency Alerts in the event of an actual or projected energy deficiency in either any Balancing Authority Area or SPP’s Electric Transmission System. . [References: NERC Standard EOP-002-0]
- 4.14.2 If there are any needed emergency procedures outside the NERC Standards or the SPP Criteria, SPP shall document each additional Emergency procedure that a Balancing Authority will be expected to perform as directed by SPP.
- 4.14.3 Both SPP and the Balancing Authorities shall have reasonable capabilities in place to ensure continuity of reliability operations in the event that their primary control center functionality becomes inoperable. [References: NERC Standard EOP-008-0]
- 4.14.4 Each Balancing Authority shall comply with directives of the Reliability Coordinator, in accordance with NERC Standards, including implementing emergency procedures.
- 4.14.5 The Balancing Authorities shall take all reasonable steps to assist SPP during conditions constituting an Emergency in SPP’s Electric Transmission System. The Balancing Authority shall not be obligated to procure energy. [References: NERC Standard EOP-002-0 and EOP-003-0]

5. LIMITATIONS ON SPP ACTIONS

- 5.1 SPP shall not issue any orders to Balancing Authorities pursuant to this Agreement or take any action pursuant to this Agreement which SPP knows or should have known would have resulted in damage to any of the Parties’ facilities, or injury to any person, or is not in accordance with Good Utility Practice.
- 5.2 SPP shall not issue any orders to Balancing Authorities pursuant to this Agreement or take any action pursuant to this Agreement which SPP knows or should have known would cause a violation of applicable law.

6. INDEMNIFICATION, LIABILITIES, INSURANCE

- 6.1 INDEMNIFICATION. SPP shall at all times indemnify, defend, and save each Balancing Authority harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demands, suits, recoveries, costs and

expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the Balancing Authority's performance of obligations under this Agreement on behalf of SPP, except in cases of gross negligence or intentional wrongdoing by the Balancing Authority.

- 6.2 **TARIFF LIMITATION OF LIABILITY.** Attachment B of the Settlement Agreement sets forth a new tariff provision to be included in the OATT. Under the provisions of this Attachment B, Market Participants and Transmission Customers waive their rights to sue Balancing Authorities and their respective officers, shareholders, directors, agents, contractors, employees, and members (i.e., cooperative members and municipal joint action agency members) and SPP in certain circumstances relating to implementation of this Balancing Authority Agreement. Commission acceptance of this tariff language, without modification or condition unacceptable to the Parties, is considered an essential term of this Agreement.
- 6.3 **LIMITATION OF LIABILITY IN AGREEMENT.** A Balancing Authority shall not be liable for money damages or other compensation to SPP for actions or omissions by the Balancing Authority in performing its obligations under this Agreement, except to the extent such act or omission by the Balancing Authority is found to result from its gross negligence or intentional wrongdoing. SPP may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of a Balancing Authority solely by reason of their status as directors, members, shareholders, officers, employees or agents of the Balancing Authority. In no event shall SPP or the Balancing Authorities be liable for any incidental, consequential, punitive, special, exemplary or indirect damages, loss of revenues or profits, arising out of, or connected in any way with the performance or non-performance under this Agreement.

Neither the Balancing Authorities nor SPP shall be liable for damages arising out of services provided under this Agreement including, but not limited to any act or omission that results in an interruption, deficiency or imperfection of service, occurring as a result of conditions or circumstances beyond the control of the Balancing Authority or SPP, as applicable, or resulting from electric system design common to the domestic electric utility industry or electric system operation practices or conditions common to domestic electric utility industry. Balancing Authorities shall not be liable for acts or omissions done in compliance or good faith attempts to comply with directives of SPP.

- 6.4 **INSURANCE.** SPP shall obtain adequate insurance coverage to cover the indemnifications and liabilities under this Agreement subject to its ability to secure such coverage at a reasonable cost. Before obtaining or

renewing such coverage, SPP shall consult with the Parties, with that consultation to take place no later than ninety (90) days prior to the effective date of the EIS Market.

- 6.5 **LIMITATION OF SCOPE.** In interpreting the indemnification and waiver of liability provisions in Sections 6.1 and 6.3, the Parties intend that these provisions shall not apply in instances in which the Balancing Authority is not acting pursuant to the direction of SPP pursuant to the provisions of this Agreement.

7. COST RECOVERY AND INQUIRIES OR PENALTIES

- 7.1 **COST RECOVERY PROVISION.** SPP recognizes that the Balancing Authorities are entitled to recovery of their reasonable costs associated with implementing this Agreement provided there is no double recovery and subject to future FERC approval. The following non-exclusive categories of costs are to be considered in the discussions conducted pursuant to Section 7.2: operation and maintenance costs, administrative and general costs, capital costs, costs for systems in place, training of personnel, instructed increase in operating reserves for EIS Market conditions, manual deployment of resources and associated energy costs, commitment and/or de-commitment of resources, and emergency actions.
- 7.2 **COST RECOVERY PROCESS.** Pursuant to the Commission's direction in paragraph 91 of the March 20, 2006 Order in SPP Docket No. ER06-451-000 for SPP and the Balancing Authorities to negotiate the proper allocation of costs associated with this Agreement, SPP and the Balancing Authorities agree to negotiate a schedule(s) to the SPP OATT covering a cost recovery mechanism that SPP shall file if agreed to by two-thirds or more of the Balancing Authorities.
- 7.3 **PENALTY.** If an SPP action or inaction causes the incurrence of a NERC, ERO, Regional Reliability Council, or applicable regulatory authority imposed penalty by a Balancing Authority in performing its Balancing Authority functions under this Agreement, SPP shall reimburse the Balancing Authority for such penalty costs subject to SPP recovery of such costs. In addition, SPP will diligently work to evaluate, develop, and resolve a further cost recovery provision by January 1, 2007.
- 7.4 **INQUIRIES.** To the extent the Balancing Authority's actions implementing SPP actions or directives pursuant to this Agreement are questioned, investigated or sanctioned by NERC, the ERO, the SPP Market Monitor, or by an applicable regulatory agency, SPP shall aid the Balancing Authority in responding to the inquiry, investigation, or sanctions.

7.5 ALLOWED ACTIONS. To the extent that NERC, the ERO, FERC or applicable regulatory agency determines that the Balancing Authority actions taken pursuant to this Agreement were inappropriate, SPP shall not require the Balancing Authority to take such actions in the future. If NERC, the ERO, FERC or applicable regulatory agency requires that a Balancing Authority take action inconsistent with this Agreement, SPP will allow such actions.

8. CONFIDENTIALITY

8.1 BALANCING AUTHORITIES.

- (a) In general, personnel of a Balancing Authority performing functions under this Agreement shall keep all information received from SPP or other entities relating to its performance under this Agreement confidential and shall not disclose such information to Market Participants (including marketing personnel that are part of the same company as the Balancing Authority) or entities which it reasonably believes may become Market Participants. Notwithstanding the foregoing, and subject to subparagraph (b) below, a Balancing Authority with personnel who perform both Balancing Authority and market functions may disclose information received from the SPP or other entities to its personnel.
- (b) SPP shall have the right to limit the sharing of market sensitive information related to non-affiliated Market Participants to a Balancing Authority with personnel who perform both Balancing Authority and market functions; except when
 - (i) no other Market Participant under the EIS Market with registered resource(s) controls generation within the Balancing Authority's Area, or
 - (ii) the Balancing Authority is a signatory to the North American Electric Reliability Council Confidentiality Agreement for Electric System Operating Reliability Data and Annex 1 thereto (Limited Operating Reliability Data Agreement for Small Bundled Entities). Each Balancing Authority with personnel performing such dual functions shall notify SPP of that fact, and, to the extent permitted by law, the Balancing Authority shall not disclose confidential information to third party Market Participants or third parties which it reasonably believes may become Market Participants.
- (c) Notwithstanding the above,

- (i) SPP shall provide, to the extent necessary, information to allow the Balancing Authority to perform its functions under this Agreement and to comply with NERC and regional reliability requirements, and
- (ii) no Balancing Authority shall be obligated to restructure its operations (in place as of the time of its execution of this Agreement) to separate Balancing Authority personnel from marketing personnel.

There shall be no requirement to keep information confidential if such information is in the public domain. In addition, if NERC, the ERO, or any regulatory agency requires that the Balancing Authority provide information required to be confidential under this provision, the Balancing Authority may provide such information to the requesting entity, provided that the Balancing Authority shall make a good faith attempt to maintain the confidentiality of the information, notwithstanding the information request.

- 8.2 SOUTHWEST POWER POOL. SPP, its directors, officers, employees, contractors, and agents shall adhere to the Standards of Conducts set forth in the Membership Agreement with regard to all activities related to this Agreement.

9. DISPUTE RESOLUTION

- 9.1 GENERAL. All disputes arising under this Agreement shall be finally determined by the dispute resolution procedures in this Section, except disputes as to whether a Party is in Default and what the remedies should be from any Default. This dispute resolution provision shall not preclude a Party from exercising any rights it may possess to seek relief at the Commission or a Court. These procedures are established for the equitable, efficient and expeditious resolution of disputes. These procedures are intended to cover disputes between any two or more signatories to this Agreement relating to the performance of this Agreement. SPP and the Balancing Authorities are strongly encouraged to take part in the complete process herein described prior to litigation or the utilization of other dispute resolution processes. SPP administrative involvement in the proceeding is to coordinate assembly of a non-biased and independent dispute resolution panel to facilitate the resolution of the dispute and to provide meeting coordination and facilities. Upon the request of a Balancing Authority and if SPP is a party to the dispute, its administrative duties, including the role of the SPP President in 9.2 through 9.6, for the dispute shall be turned over to a contracted facilitator mutually selected by the disputing parties. These procedures do not apply

to disputes that are covered by the dispute resolution procedures of the SPP OATT.

- 9.2 **INSTIGATION.** Any Balancing Authority may begin these dispute resolution procedures by making a request in writing to the president of SPP (the “President”). The President will forward copies of this request to the SPP board of directors. This written request must contain the authorized signatures of all parties to the dispute. The request must contain: (a) a statement of the issues in dispute; (b) the positions of each of the parties relating to each of the issues; (c) the specific dispute resolution procedure desired; and (d) any agreed-upon modifications or specific additions to the proceedings described in this Agreement by which the dispute may be resolved.
- 9.3 **DISPUTE RESOLUTION PANEL.** The President shall immediately provide to each party to the dispute a list of candidates to be used in forming a three-person dispute resolution panel. This list shall be maintained by SPP and can be added to at any time by any Balancing Authority. This list shall contain at least seven persons meeting the requirements for the SPP directors. The President shall then call a telephone conference meeting. During this meeting, each party shall alternate striking names from the list until those remaining constitute the dispute resolution panel. This panel shall select a chair from its membership. Should any candidate decline to serve or resign from a current appointment for any reason, the candidate whose name was last struck from the list shall automatically be contacted to serve. The President shall assign an SPP staff representative to assist the panel as secretary. The President shall manage the panel selection process to ensure its completion within one week from receipt of the request.
- 9.4 **RESOLUTION PROCEDURES.** The types of proceedings available for the resolution of disputes are:
- (a) an advisory proceeding to assist each party through discussion and advice, on a separate and individual basis without active participation in the joint discussions and negotiations, to resolve the dispute informally by mutual agreement;
 - (b) a mediation proceeding to assist the parties through active participation in the joint discussions and negotiations (including specific recommendations of the issues in dispute) through which the parties indirectly attempt to resolve the dispute informally by mutual agreement;
 - (c) a non-binding dispute resolution proceeding to hear formal evidence on factual matters related to the issues submitted, make written findings and conclusions of fact, and issue specific written recommendations for resolution of each issue in dispute;
 - (d) a binding dispute resolution proceeding to hear formal evidence on factual matters related to the issues submitted, make written

findings and conclusions of fact, and issue directives and awards for resolution of each issue in dispute.

The panel chair shall determine meeting arrangements and format necessary to efficiently expedite the resolution of the dispute, and the SPP staff secretary shall notify the parties of these details. Each party to the dispute must have at least one representative present at all related meetings with full authority to resolve the dispute. Upon conclusion of this process, the panel chair shall notify the President of its outcome. After consultation with the parties to the dispute and the panel chair to determine the completion of the process as described herein, and/or as modified by the parties, the President shall discharge the panel, and notify the SPP board of directors of the results. The parties to the dispute agree to complete the process within 90 days from selection of the panel. The SPP staff secretary shall maintain minutes of the panel meetings, which shall become part of SPP's historical records.

- 9.5 EXPENSES. The parties to the dispute shall share equally all reasonable charges for the meeting location, administrative costs, and related travel expenses of panel members. The parties to the dispute shall also share equally all reasonable compensation for time and service of panel members and related incremental expenses of the SPP staff. The President shall determine reasonableness of time and service costs for panel members prior to process implementation. The SPP staff secretary shall account for these expenses. Each party to the dispute shall be responsible for their respective associated expenses.
- 9.6 LIABILITY. The parties to any dispute which is the subject of these dispute resolution procedures shall hold harmless the panel members from any liabilities, claims, or damages resulting from any agreement or lack of agreement as a result of the dispute resolution proceedings.

10. INSPECTION AND AUDITING PROCEDURES

- 10.1 BALANCING AUTHORITIES. Each Balancing Authority shall provide SPP with access to its books and records and facilities as necessary to allow SPP to determine compliance with this Agreement. Such access shall be upon reasonable notice, at reasonable times, and under reasonable conditions.
- 10.2 SOUTHWEST POWER POOL. SPP shall provide Balancing Authorities with access to its books and records and facilities as necessary to allow determination of compliance with this Agreement. Such access shall be upon reasonable notice, at reasonable times, and under reasonable conditions.

11. DEFAULT AND NON-PERFORMANCE

- 11.1 **NON-PERFORMANCE.** Except as provided in Section 14.10, any failure to carry out any term of this Agreement shall be considered non-performance. A Party alleging non-performance shall provide written notice of such non-performance within seven (7) calendar days to the alleged non-performing Party. The alleged non-performing Party then shall have seven (7) calendar days (or some other time period agreed to by the Parties) to correct the non-performance or to dispute the non-performance pursuant to the provisions of Section 9. Each Party shall designate a person to receive notice and provide such designation to the other Parties.
- 11.2 **DEFAULT.** If a Party fails to correct the non-performance or fails to dispute the allegation of non-performance as provided in Section 11.1, or the Party is found to be a non-performing Party through the dispute resolution provisions in Section 9 and fails to take adequate corrective action, then the Party shall be considered to be in Default.
- 11.3 **REMEDY FOR DEFAULT.** One or more Parties, individually or collectively, may seek appropriate remedies in court, including, but not limited to, specific performance and equitable relief, in the event of a Default by another Party.

12. TERM, TERMINATION, EFFECTIVENESS, WITHDRAWAL

- 12.1 **EFFECTIVE DATE** The Effective Date of this Agreement shall be the date on which the tariff provisions implementing the EIS Market become effective, provided, however, this Agreement shall not become effective if the FERC modifies or conditions any term of the Settlement Agreement and such modification(s) or condition(s) are unacceptable to the Parties.
- 12.2 **TERMINATION OF PARTICIPATION BY A BALANCING AUTHORITY.** A Balancing Authority may terminate its participation in this Agreement if the entity of which it is part withdraws from SPP membership under the withdrawal provisions of the Membership Agreement. A Balancing Authority would also terminate its participation in this Agreement if the entity of which it is part removes its transmission facilities from the SPP OATT subject to any applicable regulatory requirements. Such termination shall take effect on the date withdrawal under the Membership Agreement is effective or a later date if the Balancing Authority agrees. In addition, if a Balancing Authority ceases to be a NERC certified balancing authority (such as through consolidation of Balancing Authorities), then that Balancing Authority's participation in this Agreement shall terminate on the date it ceases being a Balancing Authority.

- 12.3 CONTINUING OBLIGATIONS. The Balancing Authority and SPP shall be subject to the rights and responsibilities under this Agreement for any actions or inactions occurring prior to the effective date of the Balancing Authority’s withdrawal or termination of this Agreement.
- 12.4 SURVIVABILITY. The provisions of this Agreement related to any indemnification obligation or any continuing obligation under Section 12.3 shall survive the termination of this Agreement under Section 12.1 or the withdrawal of a Party under Section 12.2 to the full extent necessary for their enforcement and the protection of the Party in whose favor they run with regard to actions or inactions occurring prior to the effective date of the termination or withdrawal, except that in the case of withdrawal of a Balancing Authority, no action or claim against that Balancing Authority related to this Agreement shall commence more than three (3) years from the effective date of the withdrawal.

13. MODIFICATIONS AND AMENDMENTS

- 13.1 INITIAL FILING. If the Commission modifies or conditions any term of this Agreement, then this Agreement shall become null and void and have no legal effect except as provided in Section 12.1. In the event of such Commission action, the Parties agree to negotiate in good faith to determine if the Commission’s proposed modification(s) or condition(s) can be accommodated. Any modifications to this Agreement by the Parties shall be agreed to by at least two-thirds affirmative vote of the Balancing Authorities, with the assent of SPP, as described in Section 13.4.
- 13.2 OTHER MODIFICATIONS OR CONDITIONS. The Parties intend that there will be no other modifications or conditions to this Agreement absent the agreement of the Parties (except as provided in Sections 13.4 and 14.7) and that the Mobile-Sierra standard (as defined in Section 13.3) apply to both Commission and Party proposed modifications or conditions as specified in Section 13.3. Notwithstanding anything to the contrary in this Agreement, in the event of any changes in NERC, Commission, regional reliability council, or EIS Market requirements which materially affect this Agreement, the Parties will negotiate in good faith appropriate changes to this Agreement. If the Parties do not mutually agree to such changes, then they will refer the issues to dispute resolution under Section 9.
- 13.3 MOBILE-SIERRA STANDARD. Absent a filing with the Commission to reflect the agreement of the Parties as detailed in Section 13.4, the standard of review for changes or conditions to this Agreement, whether proposed by a Party, a non-Party or the Federal Energy Regulatory Commission acting sua sponte shall be the “public interest” standard of

review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the “Mobile-Sierra” doctrine). Notwithstanding the foregoing in this Section 13.3, if the Commission changes its policy (in existence at the time of execution) with regard to non-signatories and imposes a standard different than the Mobile-Sierra standard set forth in this provision, then the Parties shall modify this Agreement to reflect the new standard. Any changes to this Agreement shall be prospective only. The Commission’s action on the initial filing of this Agreement shall be under the just and reasonable standard.

- 13.4 VOTING FOR ACCEPTANCE OF MODIFICATIONS OR CONDITIONS. This Agreement may be modified or conditioned only by at least a two-thirds affirmative vote of the Balancing Authorities (each Balancing Authority receiving one vote regardless of size) with the assent of SPP; provided, however, no such modification or condition may be imposed on a Party that does not agree to the modification or condition to the extent that the modification or condition will cause the Party to no longer be in compliance with NERC or regional reliability council requirements. SPP shall file with the Commission any modifications to this Agreement resulting from this Section 13.4, which filing will be subject to the just and reasonable standard of review. Once the Commission accepts such modifications, then such modifications shall be considered as being part of this Agreement and all applicable terms of the Agreement, including Section 13.3, shall apply to the modifications.

14. MISCELLANEOUS PROVISIONS

- 14.1 SETTLEMENT. This Agreement represents a negotiated settlement between and among the Parties. As such, this Agreement does not establish any precedent.
- 14.2 ASSIGNMENT. Each Balancing Authority may assign its rights and obligations under this Agreement to another entity subject to receiving the approval of SPP; such approval shall not be unreasonably withheld.
- 14.3 JURISDICTION. By entering into this Agreement which shall be filed with the Commission and notwithstanding any provision in this Agreement, the Balancing Authorities are not in any way agreeing individually or collectively that their activities under this Agreement are subject to Commission jurisdiction. In addition, nothing in this Agreement shall be construed (1) to confer Commission jurisdiction over Balancing Authorities that are not public utilities as defined by the Federal Power Act, or (2) as a consent or waiver with respect to such jurisdiction, or (3) to cause a non-public utility to take any action or participate in any filing or appeal that would confer Commission jurisdiction over a non-public utility or require a non-public utility to comply with any Order or

Rule issued by the Commission. A Party's actions, decisions, and performance under this Agreement, including without limitation the exercise of its rights to withdraw from or terminate this Agreement, shall not be subject to Commission approval.

- 14.4 **RESERVATION OF RIGHTS.** Nothing in this Agreement shall affect a Party's rights to argue issues that are not resolved pursuant to this Agreement in proceedings at the Commission and in the courts.
- 14.5 **BALANCING AUTHORITIES COMMITTEE.** A Balancing Authorities committee shall be formed by the Parties. The purpose of the committee shall be to review performance under this Agreement, discuss issues that may arise related to such performance, and, if necessary or advisable, to propose amendments for consideration by the Parties. The committee shall be comprised of a member and an alternate for each Party. The committee shall meet at least once each year on dates to be determined by SPP after consultation with the committee members. SPP shall facilitate such meetings.
- 14.6 **CONSOLIDATION OF BALANCING AUTHORITIES.** The Parties agree that any consolidations of Balancing Authorities by Balancing Authorities shall be accommodated under this Agreement. This Agreement shall not be construed as inhibiting the consolidation of control areas by Balancing Authorities.
- 14.7 **ADDITIONAL BALANCING AUTHORITIES.** The Parties agree that any NERC certified balancing authority that is not a signatory to this Agreement may become a signatory to this Agreement so long as the balancing authority agrees to be bound by the provisions of this Agreement.
- 14.8 **GOVERNING LAW.** This Agreement shall be governed by and construed in accordance with the laws of Arkansas.
- 14.9 **COMPLETE AGREEMENT.** This Agreement shall constitute the complete agreement of the Parties on the subject matters covered herein.
- 14.10 **FORCE MAJEURE.** No Party shall be considered to be in breach of this Agreement to the extent that a failure to perform its obligations is due to an "Uncontrollable Force." The term "Uncontrollable Force" means an event or circumstance which prevents one Party from performing its obligations, which event or circumstance is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which by the exercise of due diligence, or Good Utility Practice, the claiming Party is unable to avoid, cause to be avoided, or overcome. Any Party rendered unable to fulfill any of its obligations by reason of an Uncontrollable Force shall give immediate notice of such fact to the other

Parties and shall exercise due diligence to remove such inability within a reasonable time period. If a Party is unable to perform actions under this Agreement due to the actions of an independent third party (e.g. not a consultant or affiliate of the Party), that shall be considered an Uncontrollable Force.

- 14.11 **NO AGENCY RELATIONSHIP.** This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between or among the Parties, or any of the Parties, or to impose any partnership obligation or partnership liability upon any of the Parties. No Party shall have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or act as, or be, an agent or representative of, or otherwise bind, any other Party. Responsibilities undertaken or transferred to a Party shall be independently performed by that Party.
- 14.12 **REPRESENTATIONS AND WARRANTIES.** Each Party warrants that it possesses the necessary authority to enter into and agree to this Agreement.
- 14.13 **EXECUTION BY COUNTERPARTS.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument as if all Parties had signed the same instrument.
- 14.14 **NO THIRD PARTY BENEFICIARIES.** Except as otherwise provided herein, this Agreement is not intended to, and does not create, any rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.
- 14.15 **NO MARKET PARTICIPANT.** The performance of functions described in this Agreement shall not cause a Party to become a Market Participant.

IN WITNESS WHEREOF, the signatories have caused this Agreement Between Southwest Power Pool, Inc and Southwest Power Pool Balancing Authorities Relating to Implementation of the EIS Market to be executed by their duly authorized representatives as of the dates set forth under their respective signatures.

Name:
Company:
Date:

**NEW TARIFF SECTION ON BALANCING AUTHORITY LIABILITIES
(ATTACHMENT AE, SECTION 8) [Change from Control Area
operators to Balancing Authority operators, add definition for
Balancing Authority]**

8. Liabilities Relating To Balancing Function Agreement

This Section 8 applies to Balancing Authorities performing the balancing functions listed in the “Agreement Between Southwest Power Pool, Inc and the Southwest Power Pool Balancing Authorities Relating to Implementation of the EIS Market.” (“Balancing Function Agreement”) Each Balancing Authority which is a signatory to the Balancing Function Agreement will be eligible for the waiver of liabilities as set forth in Section 8.1. A Balancing Authority must be a signatory in order for this Section 8 to be applicable to them. In addition, certain third parties are eligible for the waiver of liability provision as set forth in Section 8.2.

8.1 Limitation of Liability

The Transmission Provider shall not be liable for money damages or other compensation to any Transmission Customer or Users for actions or omissions by the Transmission Provider or Balancing Authority in performing its obligations under the Balancing Function Agreement, except to the extent such act or omission by the Transmission Provider is found to result from its gross negligence or intentional wrongdoing. A Balancing Authority shall not be liable for money damages or other compensation to any Transmission Customer or Users for actions or omissions by such Balancing Authority or Transmission Provider in performing its obligations under the Balancing Function Agreement, except to the extent such act or omission by such Balancing Authority is found to result from its gross negligence or intentional wrongdoing. The Transmission Customer or Users may not seek to enforce any claims against the directors, members, shareholders, officers, employees or agents of the Transmission Provider or a Balancing Authority or Affiliate of either solely by reason of their status as directors, members, shareholders, officers, employees or agents of the Transmission Provider or a Balancing Authority or Affiliate of either. In no event shall the Transmission Provider or a Balancing Authority be liable to any Transmission Customer for any incidental, consequential, punitive, special, exemplary or indirect damages, loss of revenues or profits, arising out of, or connected in any way with the performance or non-performance under the Balancing Function Agreement.

8.2 Limitations Of Liability For Third Parties

The provisions set forth in Section 8.1 also shall apply to entities that take responsive action to implement or comply with the directives or needs of

the Transmission Provider or Balancing Authority relating to the performance of this Balancing Function Agreement.



**Southwest Power Pool, Inc.
SOUTHWEST POWER POOL STAFF**

Recommendation to the Board of Directors/Members Committee

May 17, 2006

Additional Budget Request for Market Implementation

Organizational Roster

The following staff persons participated in the preparation of the attached material:

Philip Bruich, Director of Settlements	Lanny Nickell, Director of Operations
Tom Carnes, Sr. Tech Lead/Project Mgmt	Kevin Perry, Director of IT Infrastructure
Richard Dillon, Director of Market Development	Barbara Sugg, Director of IT Applications
Jim Gunnell, Manager of Training	

The following consultants participated in material submission:

Mike Fisher, Accenture	Kevin Sarkinen, OATI
Kevin Majeau, Areva	Mike Templin, Accenture

The Market Working Group has reviewed and concurs with the requirements to meet the FERC Order and that serve as the basis for this recommendation.

The Finance Committee will review this recommendation at a meeting on May 16.

The Markets and Operations Policy Committee will review this recommendation at a meeting on May 16.

Background

FERC issued its second order (Order) on March 20, 2006 regarding the energy imbalance market (EIS Market) revisions to SPP's Tariff. Compliance with the Order, including delaying implementation to October 1, 2006, requires changes to the EIS Market systems and business processes resulting in expenditures not envisioned in the 2006 Administrative Budget. Additionally, operational experience gained during market trials identified areas requiring more resources to ensure successful implementation and management of market operations.

Summary

The budget request includes the following increases:

- 2006 staffing by 10 persons (eight for Order compliance; two for successful implementation and management);
- Capital expenditures by \$7.0 million (\$3.3 million for Order compliance; \$3.7 million for successful implementation and management); and
- Expenses by \$2.0 million (\$0.8 million for Order compliance; \$1.2 million for successful implementation and management) [*note*: 2007 impact of the increased staffing is \$1.2 million]

As more fully described below, the impacts fall into three categories:

1. **2005 Carryover Impacts** - \$2.6 million in funds budgeted in 2005 but expended in 2006 (\$2.4 million capital, \$0.2 million expense)



2. **FERC Order requirements** - \$4.1 million, including staff increases and additional testing, training and market trial support (\$3.3 million capital, \$0.8 million expense)
3. **2006 Re-estimation** - \$2.3 million, in response to experience gained in market trials, including: vendor support and run contract impacts; additional work to support infrastructure; and changes in other related SPP systems (\$1.3 million capital, \$1.0 million expense).

Analysis

The budget and staffing request reflects the following impacts:

- 1) 2005 Carryover Impacts - During 2005, changes to the EIS market implementation were approved in order to address reliability concerns. The budget approved by the Board of Directors in the summer of 2005 included a timeline that contemplated the completion of all development work for the software systems during 2005. This schedule remained in effect at the completion of the 2006 budget process. Because development work did actually continue beyond December 31, 2005, and one vendor was unable to compute and render invoices during the latter part of 2005, the actual Capital expenditures in 2005 were \$3.1 million below the approved level for 2005. The majority of these expenditures have been incurred as unbudgeted charges in 2006 related to development of the software systems approved in 2005.

Capital Expenditure Impact: \$2.4 million Operating Expense Impact: \$0.2 million

- 2) FERC Order Impacts - In addition to changes requested in Tariff language (e.g. explaining Curtailment/Adjustment Tool), FERC requested in its March 20th EIS Market Order additional functionality and reporting. These will impact both the EIS systems implementation and SPP staffing. Any changes made to the EIS Market systems also impact project management, testing, market trials, and training costs. These activities have generally been accomplished using Outside Services. Following is a synopsis of system impacts.

<u>Functionality</u>	<u>FERC Order Cite</u>	<u>Systems Impacted</u>
Accept Market Participant load projections, evaluate capacity. Enhance simultaneous feasibility analysis.	41, 45	MOS, Simultaneous feasibility
Settlement changes to uninstructed deviation calculation, transmission charges, and dispute timeline	57, 82, 124, 103	COS, Transmission Billing
Posting additional data for LIP details and offer caps	113, 190, 192	MOS, SPP Website, SPP Offer Cap Calculator
Reporting to FERC on daily, monthly, and annual basis with possible consequences	40, 55, 72, 117a, 128, 174, 141	COS, SPP Decision Support System
Support of generators external to the SPP footprint is <u>not included in these estimates</u>	227	<u>Unknown</u>

Capital Expenditure Impact: \$3.3 million Operating Expense Impact: \$0.8 million



- 3) 2006 Re-estimation – As has historically been done, SPP staff followed a conservative approach to planning and budgeting for the implementation of the market systems. The results of market trials and pseudo-deployment tests now indicate the need to increase staffing and enhance computer systems necessary to support the operation of the market, primarily expanding data retention capabilities for dispute resolution, dispute support for Settlements, added functionality for the Reserve Sharing System, additional training, infrastructure enhancements, and customer service requirements.

Capital Expenditure Impact: \$1.3 million

Operating Expense Impact: \$1.0 million

Staffing Justification

Market Operators (4)

SPP's original staffing plan provided for only one market operator on evening and weekend shifts. After considering the impact of the EIS Market Order and the experience of parallel operations testing designed to exercise and confirm SPP's business processes, there is a need to staff two market operators on all shifts to manage the workload needed to support consistent market operations. Four additional market operators would be needed to support continuous monitoring of each five minute dispatch, the self-schedule resources and their schedules, market participants resource/ancillary service plans, the supply adequacy analysis, and providing the first point of contact for urgent market participant issues.

Shift Engineer (1)

The protocol changes based on the impact analysis of the FERC order places more responsibility of Market Analysis on the shift engineers to: review and compare load forecast information submitted by market participants and control areas; complete day-ahead Simultaneous Feasibility test studies; and assist the Market Operators with making decisions regarding commitment and de-commitment of generation in the case of infeasible scenarios. An additional Shift Engineer will provide for two engineers during peak hours when there is greater market activity.

IT Specialist/Application Support and Development (1)

Increased Market Monitoring, Reporting, and Analysis resulting from parallel operations testing and in order to comply with the FERC Order have increased the demands on the IT Applications department beyond expectations. A more robust Market Monitoring system, development and support of additional interfaces to other systems, and expanded requirements for activities to meet the enhanced reporting requirements are needed. To date, this has been managed by reassigning existing staff. However this approach has delayed other necessary projects including: JOA development and support, updating and enhancing existing applications, NERC required changes to data exchange, and archiving AFCs.

Oracle Database Administrator/IT Applications (1)

With the enhanced requirements for data archiving and data retention and the additional FERC reporting needs, the quantity of data stored per month has increased by at least a factor of five as compared to the original design. By October 1, 2006, SPP will have a total of 14 Oracle database servers, spanning 6 unique environments, as well as more critical applications being developed in Oracle. In order to support the growing number of applications and servers being deployed internally and externally onto Oracle systems, an additional Oracle Database Administrator is needed. Without staff devoted to fully supporting these systems, SPP will have an unacceptable risk of system downtime.



IT Specialist – Test Lead/Release Management (1)

SPP currently engages consultants to coordinate the testing of Market-related changes and fixes at an approximate cost of \$43,000 per consultant per month. Based on the number of system enhancements already requested and the operating experience of other markets, systems changes will continue after the implementation of the market. SPP staff must assume these responsibilities; this requires a transition of knowledge and tasks from the consultants prior to their departure in October 2006. Absent the additional staffing, SPP risks delays in the implementation of critical application changes for continued market operation.

IT Specialist/Market Support

The workload of the Market Operations Support Team has increased beyond what was originally anticipated when budgeting for 2006. Tighter integration of systems to meet reliability needs, data retention and reporting requirements, separation of test environments from development environments, an additional MOS Test Environment, and necessary upgrades of the MOS Training Environment, require additional support staff. This includes maintenance of testing scenarios, coordination of testing, coordination of use of test system and training environment, certification of Market Participants or changes to Market Participant interfaces, development of testing tools, and other software deployment and testing tasks.

Market Analyst (1)

SPP staff has identified the need for an additional FTE to manage data issues and reporting, primarily based on the requirements of the EIS Order. SPP is required to produce reports varying from daily, monthly, and annually, including responding to questions from FERC staff quickly and reliably. A key responsibility of this position will be coordination between the MMU and the IT technical data system staff to ensure data integrity and consistency across multiple systems. This position will ensure that the data is used consistently with the data system design. This position will also convert physical data into usable information for content experts.

SUMMARY OF STAFFING REQUESTS

Positions requested as a result of the FERC Order:

- 4 Market Operators
- 1 Shift Engineer
- 1 IT Specialist/Application Support and Development
- 1 IT Specialist/Market Support
- 1 Market Analyst

Positions requested to support existing and future efforts, not directly tied to the FERC Order:

- 1 Oracle DBA
- 1 IT Specialist/Release Management

Total Staffing Request

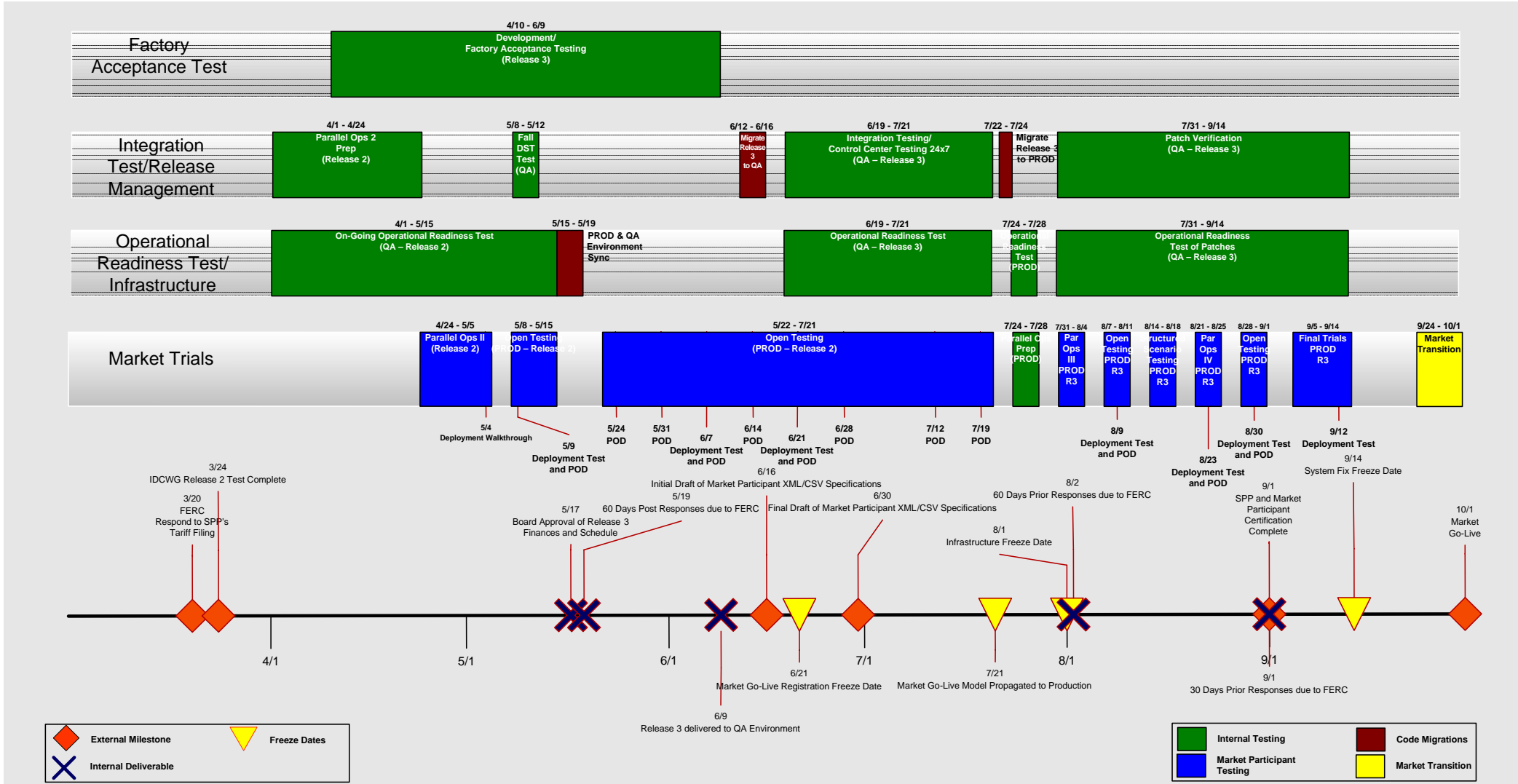
<i>Function</i>	2006	2007
Operations (5)	\$300,750	\$601,500
IT (4)	\$233,020	\$466,040
Market Analysis (1)	\$58,500	\$117,000
TOTAL	\$592,270	\$1,184,540



Financial and Staffing Summary

Type	Department	2005 Carryover Impacts	FERC Order	2006 Reestimation	Total	2007 Impact
<u>Budget</u>						
	IT - Infrastructure	\$ -	\$ 100,336	\$ 996,560	\$ 1,096,896	\$ -
	IT - Applications	\$ 83,500	\$ 245,000	\$ 338,800	\$ 667,300	\$ -
	Market Development	\$ 2,310,400	\$ 2,789,770	\$ -	\$ 5,100,170	\$ -
	Operations	\$ -	\$ -	\$ -	\$ -	\$ -
	Settlements	\$ -	\$ 223,000	\$ -	\$ 223,000	\$ -
	Training	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital		<u>\$ 2,393,900</u>	<u>\$ 3,358,106</u>	<u>\$ 1,335,360</u>	<u>\$ 7,087,366</u>	<u>\$ -</u>
	IT - Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -
	IT - Applications	\$ -	\$ 116,510	\$ 116,510	\$ 233,020	\$ 466,040
	Market Development	\$ 175,000	\$ 58,500	\$ 245,000	\$ 478,500	\$ 117,000
	Operations	\$ -	\$ 475,750	\$ -	\$ 475,750	\$ 601,500
	Settlements	\$ -	\$ -	\$ 345,600	\$ 345,600	\$ -
	Training	\$ -	\$ 137,500	\$ 287,000	\$ 424,500	\$ -
Total Expense		<u>\$ 175,000</u>	<u>\$ 788,260</u>	<u>\$ 994,110</u>	<u>\$ 1,957,370</u>	<u>\$ 1,184,540</u>
Total Expenditures		<u>\$ 2,568,900</u>	<u>\$ 4,146,366</u>	<u>\$ 2,329,470</u>	<u>\$ 9,044,736</u>	<u>\$ 1,184,540</u>
<u>Headcount</u>						
	IT - Infrastructure					
	IT - Applications		2	2	4	4
	Market Development		1		1	1
	Operations		5		5	5
	Training				0	0
Total Headcount		<u>0</u>	<u>8</u>	<u>2</u>	<u>10</u>	<u>10</u>

Energy Market Implementation
Critical Path Snapshot as of Tuesday, May 09, 2006
Internal View Only





Recommendation

SPP Staff recommends the addition of staff and approval of the budget request as presented.

Approved: SPP Staff

May 16, 2006

Action Requested: Approval