The issue identified at the July SPP Board of Director's meeting was directly related to the MMU's chart in the ASOM report (Figure 2-8 on page 17) that said CTs in the SPP are able to recover their avoidable costs in the market. As a market participants with CTs we clearly do not agree with the MMU. This issue has surfaced at various working groups and resulted in discussion at the FERC, too. The central issue at hard is whether or not the major maintenance of CTs should be included as Short Run Marginal Costs in what the MMU deems acceptable for offer curves (normal and mitigated). We believe that these units as described by the manufacturer (in my case GE) are not hours driven, but are dependent upon the number of starts for major maintenance. Therefore, the default VOM costs for CTs do not adequately allow for the full recovery of VOM costs. Many times when a CT is called on for reliability (Reliability Unit Commitment) or RUCed, the market LMP does not adequately compensate for this cost and the market does not make the unit whole for that run. Absent the Integrated Market wanting to run the unit, our load does not actually need the unit as an energy hedge (the majority of the time). This results in the major maintenance occurring at an advanced pace, too. For example, prior to the IM, Mustang Station Unit #4 was started approximately 20 times a year, afterwards that increased by a factor of 3 or more.

FERC in an order said they wanted us to work with the MMU to resolve this issue. Included below is the paragraph discussing this point in their September 22, 2015 order in **Docket No. ER15-2268-000.**

We also note that both Joint Filing Group and Golden Spread assert that the major maintenance costs that they seek to include as components of mitigated offers are short-run marginal costs,[165] and that Joint Filing Group asserts that long-term service agreement costs are short-run marginal costs.[166] SPP's currently effective Tariff already allows for the inclusion of short-run marginal costs, exclusive of fixed costs, in the VOM cost component of mitigated offers.[167] To the extent that Joint Filing Group and Golden Spread are alleging that the SPP Market Monitor is incorrectly interpreting and applying the currently effective Tariff, these allegations do not warrant approval of SPP's proposal. Further, with respect to the arguments of Joint Filing Group and Golden Spread that the SPP Market Monitor's interpretation of short-run marginal cost is resulting in an inappropriate under-recovery of costs, and with respect to Joint Filing Group's arguments regarding cost shifting from Integrated Marketplace buyers to captive wholesale and retail customers, we note that adequately reflecting short-run marginal cost, exclusive of fixed costs, in mitigated offers should address concerns about under-recovery of cost and any potential for inappropriate cost shifting. We encourage Joint Filing Group and Golden Spread to work with the SPP Market Monitor to appropriately categorize the VOM costs that reflect short-run marginal costs, particularly for the units at Golden Spread's Mustang, Antelope, and Elk Stations, with consideration to the characteristics of those units as described in the affidavits submitted by Golden Spread to support its comments.

We, at GSEC, have not completed this initiative encouraged by the FERC.

Thanks,
Mike