



Southwest Power Pool

ECONOMIC STUDIES WORKING GROUP/TRANSMISSION WORKING GROUP

January 5th, 2017

Net Conference

• SUMMARY OF ACTIONS TAKEN •

1. Endorsement by the ESWG and TWG of the 2017 ITP10 Report as documentation of completion of the 10-Year Assessment of the ITP process specified in SPP OATT Attachment O Section III.
2. ESWG: Approval of the ESWG Charter revisions.
3. ESWG (1/10 via email): Approved the Recommended Portfolio in the 2017 ITP10 Report including the Recommended Projects and the Reaffirmed NTCs.

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• MINUTES •

Agenda Item 1 – Administrative Items

Agenda Item 1a - Call to Order, Introductions

Chair Alan Myers (ITC Great Plains) called the joint meeting of the Economic Studies Working Group (ESWG) and Transmission Working Group (TWG) to order at 8:34a.m., welcomed those in attendance, and asked for introductions of those who were not on the Webex.

There were 81 web conference participants and 9 phone participants representing 16 of 17 ESWG members and 20 of 24 TWG members. (Attachment 1 – January 5th, 2017 Attendance List)

Agenda Item 1b – Receipt of Proxies

Alan Myers (ITC Great Plains) asked for any proxy statements; two proxies were identified for the TWG. Dan Lenihan (OPPD) named Josh Verzal (OPPD) as his proxy and John Fulton (XCEL) named Rene Miranda (XCEL) as his proxy. (Attachment 2 – Proxy Statements)

Agenda Item 1c – Review of Agenda

Chair Alan Myers (ITC Great Plains) presented the agenda for review and asked for any additions or corrections. (Attachment 3 – January 5th, 2017 ESWG/TWG Agenda). Kelsey Allen (SPP Staff) added time for the discussion of the ESWG Charter after the ESWG/TWG Joint Discussion.

Agenda Item 2 – 2017 ITP10 Report

Juliano (SPP Staff) emphasized that the focus of the meeting was the report which describes the process and shows the results of the process. He introduced some of the changes as not being material changes but rather additional information at the request of the working group.

Kelsey Allen (SPP Staff) began the overview with changes in the carbon pricing section, which was simply terminology adjustments (*Sections 3.5 and 7*), and additional information in the form of tables regarding benefits and distinguishing the benefits for the economic projects versus the benefits of the full portfolio (*Tables 10.1, 10.3, 10.5, 10.7, and 10.9*). He also noted the change of Scoped Portfolio benefit metrics from 2019\$ to 2017\$ based on corrected ATRRs (*Tables 12.11 through 12.14*). Additionally, staff added the Recommended Portfolio summary table to the Executive Summary and the glossary of terms. Lastly, were the added benefit metrics on the Recommended Portfolio per the request of members. These only included APC Savings, Marginal Energy Losses, and Mitigation of Transmission Outages being that they make up over 95 percent of the overall benefit.

Items of Concern – 2017 ITP10 Report:

- Tim Owens (NPPD): Interest in scanning carbon pricing language (***Section 7 was shown for review***)
- Jon Iverson (OPPD): Table 16.4 for review

Amber Greb (SPP Staff) reviewed the changes in benefits between the two final portfolios as scoped and the Recommended Portfolio as attributable to the changes in project selection (table shown: Zonal Summary of Benefits and Costs).

Questions and Comments – Changes in Benefits:

- Tim Owens (NPPD): What tables are the new tables in reference to?

Tables 12.11 and 12.12 for zonal benefits, Tables 12.15 and 12.16 for rate impacts Juliano emphasized that the changes in benefit has no bearing on or didn't raise any concern as far as the project selection was concerned.

- Jeremy Severson (Basin): not all metrics were redone and would the changes be included in the report
- Jon Iverson (OPPD): voiced concerns regarding the avoided or delayed reliability metric that was not performed

Juliano Freitas (SPP) re-emphasized that the three metrics that were performed make up over 95 percent of the overall benefit of the portfolio. Kelsey Allen (SPP) added that the avoided reliability metric was not included in the Recommended Plan benefit metrics because although some potential avoided project costs were identified in the Texas Panhandle alternative solution analysis, these were a combination of actual avoided projects and projects that SPP staff would expect to be avoided in the future, which does completely fit the criteria of the metric as defined in the ITP Manual.

- Jon Iverson (OPPD): What is the driver behind the change in APC benefits compared to the 2015 ITP10?

Kelsey Allen (SPP) emphasized the new methodologies from an economic perspective, low cost upgrades and optimization of current assets which resulted in the portfolio cost being significantly smaller and the fact that there were little to no reliability projects.

- Jon Iverson (OPPD): How does MOPC go about debating projects?

Alan Myers (ITC) notes that 90 minutes are allotted, but open for member discussion. However, the MOPC not well suited to have detailed technical discussion.

Noman Williams (SCMCN) notes that the MOPC does not approve, but rather endorses.

- Jon Iverson (OPPD): He would vote NO because he feels that the additional analysis is too far outside of the scope

Alan Myers (ITC) notes that it was already voted to pass the endorsement of the technical work and that this meeting was solely for the report or documentation of the work.

- Josh Verzal (OPPD): Does the additional analysis belong in the report since the report should be a reflection of the scoped process?

SPP staff asked for the ESWG and TWG endorsement of the 2017 ITP10 Report as documentation of completion of the 10-Year Assessment of the ITP process specified in SPP OATT Attachment O Section III.

The motion for the ESWG was moved by Natasha Henderson and seconded by Bennie Weeks to approve the report as documentation of completion of the milestones. The motion for the TWG was moved by Joe Fultz and seconded by John Boshears. Though the milestones were approved by both working groups, Jon Iverson(OPPD) from the ESWG and Josh Verzal(OPPD) from the TWG abstained.

Jon Iverson abstained for the following reasons:

OPPD acknowledges that SPP staff performed the 2017ITP10 study and that the report documents the completion of the study. However, OPPD chooses to abstain from the motion presented to the ESWG at the 1/5/17 ESWG/TWG meeting. OPPD believes the justifications used in the additional analysis were beyond, in extent what the 2017 ITP10 scope allows. Even if these justifications are deemed within the scope, it isn't clear that the philosophies were applied in a non-discriminate manner to other potential project considerations within the footprint. Additionally, although the APC benefit calculation is

based on many moving parts within the model it seems the desirable outcome would be the 2017 ITP10 report's recommended portfolio would provide more APC savings than the reduced carbon and reference case portfolios however this doesn't appear to be the case.

Josh Verzal abstained for the following reasons:

OPPD acknowledges that SPP staff performed the 2017ITP10 study and that the report documents the completion of the study. OPPD believes the justifications used in the additional analysis were beyond what the 2017 ITP10 scope allows. Even if these justifications are deemed within the scope, it isn't clear that the philosophies were applied in an indiscriminate manner to other project considerations within the footprint. OPPD does not believe that the Alternative analysis, and subsequent changes to the recommended portfolio, should be included in the 2017ITP10 report but instead should be documented in its own report and approved separate from the 2017ITP10 Scope driven study report. The need for an alternative analysis is understood, but The TWG was also not given the opportunity to give input into this alternative analysis.

*****ACTION ITEM: Send out minutes from December 15th joint meeting*****

Agenda Item 3 – ESWG Charter

Natasha Henderson (GSEC) shared concerns about making sure that third parties are getting correct and updated information as well as data disclosures. (More discussion on agenda for next face to face meeting)

Tim Owens shared concerns about the removing the representation structure for (balance of transmission users and transmission owners)

Leon Howell (OGE) sent comments regarding adding "economic modeling" into the categories of knowledge or experience under the requirements of a representative that were added to the document.

Alan Myers asked if anyone was uncomfortable with moving this on to the MOPC and voting via email on tomorrow (no response).

Document was emailed. Natasha Henderson moved and Leon Howell seconded that the ESWG approve the ESWG Charter as edited and sent to the ESWG on 1/5/2017. It was approved by unanimous decision.

Closing Items

Juliano Freitas (SPP) wants to begin having conference calls related to the ITP manual task force at the end of the month in order to expedite this process from now through April.

January 12th ESWG meeting agenda to be sent out today and deals mostly with scope standardization and resource expansion tools.

The meeting was adjourned at 9:42 AM.

Respectfully Submitted,

Kelsey Allen
ESWG Secretary
Kirk Hall
TWG Secretary

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TWG Proxy Statements

Kirk,

Josh Verzal will be my proxy for this ESWG/TWG joint meeting on 1/5/17.

Thanks,
Dan Lenihan

Sent from my iPhone

Kirk & Travis – I will not be available for the ESWG/TWG Joint Conference Call on January 5, 2017. I am giving my TWG Voting Proxy to Dustin Betz, who will represent NPPD during this Conference Call.

If you have any questions, please advise.

Thanks

Randy R. Lindstrom

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• A G E N D A •

8:30am – 11:30am

1. Administrative Items
 - a. Call to Order, Introductions..... Alan Myers (5 minutes)
 - b. Receipt of Proxies Kelsey Allen (1 minute)
 - c. Review of Agenda¹ Alan Myers (1 minute)
2. 2017 ITP10 Report (Approval Item)¹ SPP Staff (160 minutes)
3. ESWG Charter..... All
4. Closing Items All (5 minutes)

¹ Background Material Included

*Relationship-Based • Member-Driven • Independence Through Diversity
Evolutionary vs. Revolutionary • Reliability & Economics Inseparable*