

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southwest Power Pool, Inc.

Docket No. ER18-736-000

**MOTION TO INTERVENE AND COMMENTS OF THE
SOUTHWEST POWER POOL MARKET MONITORING UNIT**

The independent Market Monitoring Unit (MMU) of Southwest Power Pool, Inc. (SPP) moves to intervene¹ in support of SPP’s proposed revisions to its Open Access Transmission Tariff (Tariff) filed on January 30, 2018 (Filing)² to update Frequently Constrained Areas (FCAs) as outlined in Tariff Attachment AF Addendum 1. The MMU is responsible for reviewing FCAs annually, seeking comments, and recommending changes to the SPP Board of Directors, per Tariff Attachment AF Section 3.1.1. The Filing is consistent with the MMU analysis and thus the MMU strongly supports its recommendations.

In performing this FCA analysis, the MMU found that the process of updating FCAs was not dynamic enough to deal with changing system conditions, and as a result may lead to inappropriately addressing market power concerns. As such, the MMU recommends that SPP and its stakeholders begin a stakeholder effort to remove the need for Board of Directors approval, an

¹ The MMU moves to intervene pursuant to Rules 212 and 214 of the Federal Energy Regulatory Commission’s (FERC or Commission) Rules of Practice and Procedure (18 C.F.R. §§ 385.212, 385.214 (2017)), and in fulfillment of its responsibilities under Commission Order No. 719 (*Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, FERC Stats. & Regs. ¶ 31,281, at P 354 (2008) (Order No. 719), *order on reh’g*, Order No. 719-A, FERC Stats. & Regs. ¶ 31,292, *order on reh’g*, Order No. 719-B, 129 FERC ¶ 61,252 (2009)) and Attachment AG of the SPP Tariff (Southwest Power Pool, Inc., FERC Electric Tariff, Sixth Revised Volume No. 1, Attachment AG, § 6.2 (SPP Tariff)).

² *Southwest Power Pool, Inc.*, “Submission of Tariff Revisions to [sic] Regarding Frequently Constrained Areas,” Docket No. ER18-736-000 (Jan. 30, 2018).

SPP Tariff filing, and subsequent Commission approval to update FCAs, and instead to more efficiently post the updated FCA information on the SPP website.

I. COMMENTS

A. Support of the SPP Filing

As SPP notes in its Filing, the proposed revisions are based on a study completed by the MMU and reflect the MMU's determination of that study. The MMU analyzed real-time market data from September 1, 2016 through August 31, 2017. Based on our analysis, the MMU recommends the elimination of the Woodward FCA and the reduction in size of the Texas Panhandle FCA. The new FCA is known as the Lubbock FCA. The MMU requested the update through the SPP stakeholder process as described in the Filing.

The results of the analysis indicate three possible areas for consideration of a FCA designation. Because of transmission upgrades in the Woodward area and the low occurrence of pivotal supplier hours in the Hays, KS area, only the Lubbock area will be designated as the new FCA. The existing Texas Panhandle FCA did not pass the 500 hour threshold and will be removed. The addition of the Lubbock FCA is a subset of the resources of the existing Texas Panhandle signifying a shift in congestion in this region. The existing Woodward FCA will also be removed because of the decrease in congestion since the addition of the phase shifting transformer at Woodward in May 2017. This was specifically built to address congestion in this area. The Hays, KS area was a candidate FCA but only had a pivotal supplier during 16 percent of binding hours in the real time (compared to 20 percent in the previous study) and will not be added. Pivotal supplier hours are an indicator of the existence of market power concerns. The Hays area seldom has pivotal suppliers in real time when compared to areas such as Lubbock and the Texas Panhandle (both over 90 percent).

The binding hours, pivotal supplier, and impact analysis results for the Lubbock area show that congestion and market power concerns exist. The expectation of the MMU is that this area will be vulnerable to the exercise of market power during the next 12-month period. While the Texas Panhandle still sees congestion, the Lubbock area better represents the area where the concern of exercise of market power exists. The upgrades to the Woodward area, which have resulted in the decrease in congestion, alleviate the concern for the potential for the frequent exercise of market power. The MMU has the ability to reanalyze the impacts of these recommendations or any changes to congestion patterns at any time.³

B. Discussion on the FCA Approval Process

The SPP Tariff requires that all FCAs are to be listed in Addendum 1 of Attachment AF of the Tariff (Addendum 1), and that any new or modifications to existing FCAs are subject to prior Board of Directors and Commission approval. As stated above and in the Filing, in September 2017, the MMU analyzed a one-year period from September 1, 2016 through August 31, 2017. The proposed Addendum 1 revisions were then reviewed and approved through the SPP stakeholder process, and received the final approval by the Board of Directors on January 30, 2018. SPP then submitted its proposed Tariff revisions to the Commission on January 30, 2018, with a requested effective date of April 1, 2018.

The MMU has refined its analysis process and has been able to reduce the time it takes to complete the study down to a few weeks. However, the approval process takes about six months to complete. Overall, between the time of the analysis and approval, there is a lag from August 31, 2017 to April 1, 2018. This lag can cause the new FCAs to be outdated as soon as they are put into place, and not allow SPP or the MMU to efficiently and appropriately address market power

³ See SPP Tariff Attachment AF 3.1.1.3.

concerns. For example, during the FCA update process, (i) constraints that may no longer be FCAs would remain FCAs, and (ii) constraints that may need to be designated as FCAs would not be designated as such.

To make the FCAs reflect more accurate conditions, the MMU believes the FCA list could be removed from the Tariff and added to the SPP website for transparency. The analysis process as detailed in the Tariff will not change. However, the MMU believes that it would also be more efficient to remove the requirement for Board of Directors and Commission approval of the FCAs. As such, the MMU could perform the analysis and implement the changes with about a one-month lag, instead of the current six-month lag. With a reduced timeline, the MMU could also enhance its process, e.g., by performing the analysis more frequently to reflect changing congestion patterns seen with upgrades to the system. Thus, the process for updating FCAs would allow SPP and the MMU to more appropriately and effectively address market power concerns.

The Commission recently approved a design proposal for the Midcontinent Independent System Operator, Inc. (MISO) to establish new Dynamic Narrow Constrained Areas (Dynamic NCAs).⁴ MISO's Dynamic NCAs are "transitory but significant transmission constraints that are not currently addressed by existing [constraint] mitigation measures."⁵ The Commission accepted, without specifically addressing, MISO's proposal that when MISO declares or removes a Dynamic NCA, appropriate notifications will be posted using the existing Automated Mitigation Procedures interfaces on the MISO Portal and/or the MISO Communications System, as well as notifications via XML messages will be sent to affected market participants if the offers of their generation resources in a Dynamic NCA are mitigated.⁶

⁴ See *Midcontinent Indep. Sys. Operator, Inc.*, 161 FERC ¶ 61,268 (2017).

⁵ *Id.* at P 9.

⁶ See *id.* at P 8.

The MMU is seeking a similar modification of the SPP Tariff to allow for notification when any new or modifications to existing FCAs are proposed. The MMU recommends that SPP and the stakeholders begin a process to remove the requirement for FCAs to be approved by the Board of Directors, submitted as a Tariff change for approval by the Commission, and remove the FCA list from the Tariff. The MMU recommends that instead of requiring a tariff change, the FCA list and changes thereto should be posted on the SPP website, such as the SPP Marketplace Portal. These changes would allow changes in FCAs to be made effective more efficiently and quickly, and would allow SPP to better address changing congestion patterns and market power concerns.

II. CONCLUSION

The MMU strongly recommends that the Commission accept the modifications to the Frequently Constrained Areas as proposed in the Filing. Furthermore, the MMU recommends that SPP and its stakeholders begin a stakeholder effort to revise the Tariff to remove the need for Board of Directors approval, an SPP Tariff filing, and subsequent Commission approval to update FCAs, and instead to more efficiently post the updated FCA information on the SPP website.

Respectfully submitted,

/s/ Keith N. Collins

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the parties designated on the official service list for the above-captioned docket in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure.

Dated at Little Rock, Arkansas on this 12th day of February, 2018.