



Regional State Committee/Southwest Power Pool, Inc.

COST ALLOCATION WORKING GROUP MEETING

AEP Office - Dallas

April 11, 2019

• SUMMARY OF ACTION ITEMS •

- Consent Agenda approved.
- **New Action Item 142:** Elliott to follow up with ESWG to see if additional benefit evaluations are being performed on Morgan transformer project or able to close Action Item 121.
- **New Action Item 143:** Elliott to provide list of CAWG members that have registered for the RSC educational session.
- **New Action Item 144:** McKinnie to solicit comments from stakeholders on the annual review of the Safe Harbor amount and waiver criteria, which will be due May 3. The comments will be discussed at the May CAWG meeting so a recommendation can be formalized at the June CAWG meeting with the expectation to present a recommendation to the RSC in July.



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• MEETING MINUTES •

1. Call to Order, Introductions and Administrative Items

Chair Cindy Ireland (APSC) called the meeting to order at 8:30AM and a quorum was established.

2. Consent Agenda (Voting Item)

The CAWG approved the consent agenda (John Krajewski (NPRB) motioned/David Schmitt (IUB) seconded; motion passed unanimously).

3. Review of Past Action Items

Lee Elliott (SPP) reviewed the past action items.

Action item 037 - Adam McKinnie (MOPSC) reported the tariff filing for study changes would be filed in April. In addition, the upcoming MISO/SPP seams meetings there will be discussion of items submitted for interregional planning.

Action items 137 and 139 - Complete

4. RSC of RSC Agenda

Kandi Hughes (SPP) reviewed the April RSC agenda and educational session. The RSC has decided that the April educational session will be a closed session.

5. FERC Update

Tessie Kentner (SPP) provided an update on SPP's FERC filings concerning the Z2 Order in Docket No. ER16-1341. Kentner reported that SPP has 120 days from the Order, June 28, 2019, to make a FERC compliance filing. SPP is on track to complete this filing prior to June 28, 2019, in order to receive guidance from FERC.

Justin Hinton (SPP) reviewed the FERC Order in Docket No. EC18-122 where GridLiance High Plains, LLC (GridLiance) requested approval from FERC for the acquisition of certain transmission assets from People's Electric Cooperative (People's). The Commission found that GridLiance has failed to demonstrate that the benefits of its ownership of the assets would offset the rate increase that GridLiance acknowledged would result from the proposed transaction. Benefits claimed by GridLiance were improved reliability of the People's transmission system; promoted Transco ownership of transmission facilities; enhanced the operation and efficiency of the SPP system; and furthered the Commission's objective of increasing public power participation in SPP transmission planning. The filing was denied without prejudice. Bary Warren (GridLiance) provided additional information on the Order and Denial. Since the filing was denied without prejudice, GridLiance is going to make subsequent filing to demonstrate additional benefits. Warren stated that, based upon this denial, it appears FERC has a higher standard of what constitutes benefits and what information needs to be provided to show the benefits. GridLiance is assembling the information and will make another filing at FERC for approval of this purchase of assets from People's.

6. Proposed NTC assignment KPP to GridLiance

For transparency purposes, Aaron Shipley (SPP) reviewed the proposed assignment of NTC 200479 from Kansas Power Pool (KPP) to GridLiance, pursuant to Attachment Y Section VII and Business Practice 7070. Shipley

reviewed the process and analysis that SPP performed to evaluate the proposed NTC assignment and noted that a detailed report had been posted in the background materials to capture the analysis. The analysis showed that GridLiance provided documentation that staff needed to complete the analysis required in the SPP Tariff. The next steps required by the Business Practice are to present the analysis to for review to the MOPC, RSC and Members Committee. The SPP Board is required to vote on this proposal.

8. ELCC Methodology

Chris Haley (SPP) provided an update on Supply Adequacy Working Group's (SAWG) adoption of a new method to forecast wind or solar for reliability purposes. The new method is Effective Load Carrying Capability (ELCC). The ELCC methodology is supported as the amount of incremental load a resource, such as wind or solar, can dependably and reliably serve during peak hours. The ELCC methodology is used by others including: MISO, Xcel Energy, CAISO and PJM.

9. 2020 ITP Renewable Policy Review

Josh Norton (SPP) provided an update on the 2020 ITP Policy Resource Additions. Utilities were assessed on ability to meet renewable energy requirement based upon current resources. Renewable goals and mandates are treated the same in the ITP. Once a utility has met the renewable energy requirements, the utility is no longer studied. For those utilities that fell below the requirements, SPP reached out to the utility to see if it was exempt or covered by another utility. ITP results are included in the meeting materials entitled 2020 ITP Policy Resource Additions on page 6.

10. Wind Cost Allocation Discussion

Krajewski reviewed the results of the Wind Cost Allocation ballot, which ranked the various options available to allocate costs in wind rich areas. Krajewski also reviewed the proposed approach (next steps) concerning the wind cost allocation in parallel with the HITT process.

12. Safe Harbor Limited Review

Kentner reviewed SPP's Safe Harbor filing in FERC Docket ER05-652. This report is informational and is filed annually to detail all the transmission service requests for which SPP actually sold transmission service, beginning with the first Aggregate Study in 2005 and ending with the first Aggregate Study in 2018. In 2018, there were no RCAR studies and no new requests for waiver of the Base Plan funding in 2018. Specifics of the information report are included on page 4 of the meeting materials entitled ER05-652 Information Report.

McKinnie reviewed CAWG's limited review of the Safe Harbor limit from 2018 and discussed next steps for the limited review this year. Timeline for the limited review for this year is to solicit feedback from interested parties by May 3; review the comments at the May 14 CAWG meeting; create a draft recommendation to the RSC to be voted on in the June CAWG meeting; and present a final recommendation to the RSC at their July meeting.

Action Item: McKinnie to solicit comments from stakeholders on the annual review of the Safe Harbor amount and waiver criteria, which will be due May 3. The comments will be discussed at the May CAWG meeting so a recommendation can be formalized at the June CAWG meeting with the expectation to present a recommendation to the RSC in July.

13. RSC/OMS Liaison Committee Update

McKinnie provided an update on the RSC/OMS Liaison Committee since the last CAWG meeting. The Market Monitoring Units (MMU) of both SPP and MISO were requested to provide a suggested list of items to be studied. The MMUs provided the information in March and are currently working on a scope of work for additional studies requested by the RSC/OMS Liaison Committee. At this time no additional meetings have been scheduled.

14. HITT Update

Krajewski provided an update on the recommendations being considered by Holistic Integrated Tariff Team (HITT). The draft HITT recommendations were broken down into three categories: Reliability, Market Enhancements, or Planning and Cost Allocation. The task force has tentatively agreed the following recommendations should be accepted under the reliability adequacy: 1.) Staff should develop studies to determine the levels of ERS and ORS that are needed and the generation attribute types that are needed to

qualify to meet these needs. 2.) SPP should continue enhancements to the Integrated Marketplace that include: A) Fast Start resource logic; B) Ramping Capability; and a Multi-day longer-term market product. 3.) SPP should review all NERC Essential Reliability Services to identify regional requirements for the SPP footprint and the compensation model associated with each ERS. Review the Regulation service compensation for appropriate valuation of these service and cost causation. Examine whether technology that reduces the need for Regulation service should receive some of the compensation. 4.) SPP should review all NERC Essential Reliability Services to identify regional requirements for the SPP footprint and the compensation model associated with each ERS. Review the Regulation service compensation for appropriate valuation of these service and cost causation. Examine whether technology that reduces the need for Regulation service should receive some of the compensation. 5.) SPP should determine what additional operational tools are needed to ensure BES reliability is maintained at the upmost level. This recommendation was accepted as drafted.

As part of the Market Enhancement the following recommendations were tentatively approved: 1.) SPP should evaluate whether generation (including renewable) offer requirements provide adequate safeguards against uneconomic production; 2.) SPP should evaluate whether variable energy resources should have a requirement to offer at a specific level in the day ahead market. SPP should review incentives and consider Market Rule changes to improve day ahead participation for wind resources; 3.) HITT recommends that counter flow optimization is the preferred approach for the MWG to address congestion rights with the revenues at issue being limited to the ARR Excess Revenue of TCR auctions.

Planning had the following recommendations tentatively approved to move forward: 1.) SPP should modify the Attachment AQ (delivery point additions, modifications, or abandonments) process to be more transparent and allow for quicker results to facilitate potential load growth within SPP; 2.) SPP should evaluate the effectiveness of the 3-Phase Generator Interconnection Study process following implementation; 3.) Establish uniform local planning criteria within each Schedule 9 pricing Zone. The criteria can vary between Zones, but all Transmission Owners within each Zone should be subject to the same local criteria in determining the need for Zonal Reliability Upgrades within the Zone. With the additional recommendation that the host TO invite transmission owners & transmission customers of that zone to participate when developing the zonal criteria before submitting to SPP; 4.) SPP should develop and adopt a policy that creates the appropriate balance between the cost assessed and value attained from SPP ERIS and NRIS generator interconnection (GI) products and generating resources with long term firm transmission service. The policy should add more value to the NRIS product by making NRIS eligible to attain benefits comparable to those awarded to Designated Network Resources (DNR) without the requirement for a transmission service study while also tightening thresholds for mitigation of ERIS system impacts. This includes the concept of deliverability on a sub-region basis. The policy should also address capacity accreditation. The value proposition should be maintained throughout all Transmission Services, Transmission Planning, and Integrated Marketplace processes to ensure effectiveness and equity for all impacted stakeholders.

Cost allocation recommendations will be discussed at the next HITT meeting on April 17-18, 2019.

15. Working Group Update

Updates are provided in the meeting materials.

16. Closing Items

Ruth Sakya (SPS) reviewed the meeting logistics for Denver. Anyone who is attending MUST register on the SPP website. The address is **1800 Larimer Street; Denver, Colorado 80202 3rd floor, 3A-03H01.**

17. Meeting Schedule for 2019

- May 14, 2019 – Denver, CO
- June 4, 2019 - Dallas, TX (AEP Office)
- July 9, 2019 - Dallas, TX (AEP Office)
- August 13, 2019 – Denver, CO (Tri-State Office)
- September 10, 2019 - Dallas, TX (AEP Office)
- October 8, 2019 - Dallas, TX (AEP Office)
- November 5, 2019 – Dallas, TX (AEP Office)
- December 5, 2019, Dallas, TX (AEP Office)

18. **Adjournment**

Meeting adjourned at 1:36 pm.

CAWG Members

Cindy Ireland (APSC), Chair
Adam McKinnie (MOPSC)
Christine Aarnes (KCC)
David Schmitt (IUB)
Greg Rislov (SDPUC)
Jason Chaplin (OCC)

John Krajewski (NPRB), Vice-chair
John Reynolds (NMPRC)
Lane Sisung (LAPSC)
Shawnee Claiborn-Pinto (PUCT)
Victor Schock (NDPSC)

CAWG Participants

Aaron Shipley (SPP)
Amber Housholder (Westar)
Bary Warren (GridLiance)
Ben Bright (SPP)
Bernie Liu (Xcel Energy)
Brenda Fricano (SPP)
Brenda Harris (OXY)
Brian Rounds (AESL)
Carrie Dixon (Xcel)
Chris Green (Liberty)
Chris Haley (SPP)
Dana Shelton (LAPSC)
David Kays (OG&E)
Denise Martin (SPP)
Elisha Leyba-Tercero (NMPRC)
Ella Caillouette (Northwestern)
Gayle Freier (SPP)
Heather Starnes (MJMEUC/KMEA)
J.P. Maddock (BEPC)
James Ging (KPP)
Jeff Knottek (CUS)
Jill Rummel (BEPC)
John Stephens (CUS)
Jon Thurber (SDPUC)
Joshua Norton (SPP)

Kandi Hughes (SPP)
Lee Elliott (SPP)
Luke Haner (OPPD)
Lyle Larson (Balch)
Maia Tichenor (Westar)
Marisa Choate (SPP)
Maurice Moss (CUS)
Mo Awad (Westar)
Natasha Brown (OMPA)
Nicole Wagner (SPP)
Rob Janssen (Dogwood Energy)
Robert Pick (NPPD)
Robert Safuto (Customized Energy Solutions)
Robert Shields (AECC)
Robert Tallman (OGE)
Rodney Massman (MOPSC)
Shawn Geil (KEPCo)
Steve Gaw (Advanced Power Alliance)
Tessie Kentner (SPP)
Tom Hestermann (Sunflower)
Tyler Baxter (CBPower)
Walt Cecil (MOPSC)
Yohan Sutjandra (TEA)
Zack Wineinger (OPPD)