

Southwest Power Pool, Inc.
HOLISTIC INTEGRATED TARIFF TEAM
SPP Holistic Integrated Tariff Team Meeting
Tulsa, OK
April 17-18, 2019

• MEETING MINUTES •

1. Call to Order & Introductions

Chair Tom Kent (NPPD) called the meeting to order at 1:00 PM. A quorum was established. Christine Aarnes (KCC) will have proxy for Shari Albrecht on April 18.

2. Welcome and Administrative Items

Draft meeting minutes from the April 4, 2019 meeting were introduced for approval. Mike Wise (GSEC) made a motion to approve as drafted; Mike Risan (BEPC) seconded the motion that was approved unanimously.

3. Review/discussion of HITT Issue 1B Draft Straw Proposal Recommendations

a. CAWG Efforts on Cost Allocation

John Krajewski (NPRB) provided an update on the recent straw proposal taken by the CAWG on potential cost allocation recommendations. That straw proposal showed that the CAWG most highly supported a potential reconfiguration of Schedule 11 transmission pricing zones and secondarily supported a revision to the byway cost allocation methodology for the entire region and the potential to step back on any changes until at least two cycles of the new ITP studies have been completed. Krajewski also reiterated that the CAWG did vote in agreement that the analysis on generation rich areas did show there was a problem that needed to be addressed.

b. Potential Recommendation 1B-8 – Elimination of Z2

Charles Locke (SPP) presented an overview of the potential recommendation for the elimination or replacement of the current Attachment Z2 revenue credit process. After some discussion the following motion was made:

MOTION: Does HITT support abandoning Z2 (version one) on prospective basis and replacing with something else?

- **For – 10**
- **Against – 0**
- **Abstaining – 5**

Discussion continued on this topic and another motion was made:

MOTION: Establish Auction Revenue Credits (ARCs) as the method for compensating sponsors of new upgrades; limit the total compensation to the directly assigned cost plus interest and life of upgrade and fund the ARCs through excess TCR auction revenue to the extent available.

- **For – 0**
- **Against – 13**
- **Abstaining – 2**

After further conversation one additional motion was made as follows:

MOTION: Eliminate Z2 revenue credits and keep incremental long-term congestion rights (ILTCRs) prospectively for new upgrades. The ILTCRs will function as currently described in Attachment Z2, except that the total

compensation will be limited to each upgrade's DAUC plus interest. (Motion by Holly Carias / second by Jim Eckelberger)

- **For – 15**
- **Against – 0**
- **Abstaining – 0**

c. 1B-1 - Zonal Consolidation & Transition

Significant conversation was held in the group on the merits of decoupling the Schedule 9 and Schedule 11 transmission pricing zones. Some historical perspective on the creation of the zones and also the regional planning process does not align with the zonal nature of how the costs are allocated zonally. The group showed support for the prospective decoupling of the zones and assigning to the CAWG on how that will ultimately work. The following motion and additional direction to the CAWG was made:

MOTION: SPP should decouple Schedule 9 and Schedule 11 transmission pricing zones, which would allow the creation of larger Schedule 11 pricing zones and/or Schedule 9 subzones prospectively. When creating the new pricing zones, consideration should be given to new deliverability sub-regions, distribution factor calculations and market and power flows. (Motion by Tom Kent / Second by Shari Albrecht)

- **For - 11**
- **Against – 4**
- **Abstaining – 0**

Further discussion ensued around Byway cost allocation and the potential to modify the percentages based on the wind rich area discussions. Eckelberger proposed a methodology where Byway projects could be studied and allocated on a Highway cost allocation methodology based on a test of the regional benefits that the project provides. The test could potentially be similar to a RCAR analysis. The following motion was drafted:

MOTION: SPP should evaluate creating a narrow process upon which specific Byway projects can be cost allocated under highway cost allocations methodology based upon byway facilities used for regional benefits including exports from the transmission pricing zone. (Motion by Bill Grant / Second by Shari Albrecht)

- **For - 11**
- **Against – 4**
- **Abstaining – 0**

d. 1B-4 – Zonal Cost Allocation Adjustments for Energy (Zonal W/D Rate)

Krajewski briefly reviewed the draft process and recommendation for this item. After discussion no motion was made to address this item.

e. 1B-6 – Transmission Storage Device Cost Allocation

Minimal discussion was held on this topic and the following motion was made:

MOTION: Evaluate whether SPP should establish cost allocation and rates under the tariff for energy storage resources in order to treat them as transmission assets if these resources are used as transmission assets.

Motion by Dennis Florom/ Seconded by Holly Carias

- **For – 14**
- **Against – 0**
- **Abstaining – 0**

f. Strategic Recommendation Section

This item will be further discussed at the next meeting.

g. 1A-4 – Economic Planning Criteria Modification

Wise asked to re-look at potential recommendation 1A-4 and increasing the B/C ratios for economic upgrades from the current 1.0 to a range from 1.05 to 1.25. The following motion was made:

MOTION: SPP should evaluate the current B/C ratio margin threshold for economic upgrades from the current 1.0 B/C and consider raising in a range of between 1.05 to 1.25. (1A-4)

Motion by Mike Wise/ Second by Greg McAuley

For – 8

Against – 6

Abstaining – 0

This item will be further discussed at the next meeting.

4. Clarifications

a. AQ New Load Clarification

Antoine Lucas (SPP) suggested addition to the recommendation to include that Attachment AQ should be modified to limit its application only new load additions and not load growth. Kent stated his intent was include new load growth and modification to loads that need to be addressed outside of the ITP due to timing or some other significant reason. Should not be used to just change delivery points.

a. Deliverability Study

No members of the HITT has concerns with edits make by SPP Staff.

5. Review of Draft Report

Paul Suskie for HITT members to review the Draft Report. Specifically, assigned groups and proposed deadline goals.

6. Other Items

N/A

7. Next Meetings

2019 HITT Team Meetings

- April 25, 2019 – Dallas, TX
- April 29, 2019 – Tulsa – HITT Report Presentation to the SPP BOD/MC

8. Adjournment

Chair Kent adjourned the meeting at 1:25PM.

HITT Team Members Participating

Tom Kent, Chair (NPPD)

Rob Janssen (Dogwood Energy)

Shari Albrecht (KCC) – phone or Christine Aarnes proxy

Denise Buffington (Westar KCPL)

Holly Carias (NextEra)

Jim Eckelberger (SPP Director)

Graham Edwards (SPP Director) - phone

Dennis Florom (LES)

Bill Grant (Xcel SPS)

Dennis Grennan (NPRB)

Brett Leopold (ITC)

Greg McAuley (OGE)

Mike Risan (BEPC)

Richard Ross (AEP)

Al Tamimi (Sunflower)

Mike Wise (GSEC)

Cindy Ireland (APSC) – CAWG Liaison

Meeting Participants

Aaron Doll (EDE/LU)
Aaron Shipley (SPP)
Alfred Busbee (ETEC)
Andy Berg (MRES)
Antoine Lucas (SPP)
Ben Bright (SPP)
Brad Hans (MEAN)
Brett Hooton (GridLiance)
Brian Johnson (AEP)
Brian Rounds (AESL)
C.J. Brown (SPP)
Calvin Daniels (WFEC)
Carl Monroe (SPP)
Carrie Dixon (Xcel)
Charles Hendrix (SPP)
Chris Davis (SPP)
Clay Carr (WFEC)
Daria Diaz (LPSC)
David Kays (OG&E)
Denise Martin (SPP)
Don Frerking (SPP)
Don Shipley (SPP)
Emily Pennel (SPP)
Eric Alexander (GRDA)
Eric Laverty (Aces)
Gary Cate (SPP)
Gayle Freier (SPP)
Greg Garst (OPPD)
J.P. Maddock (BEPC)
Jason Chaplin (OCC)
Jason Davis (SPP)
Jason Mazigian (BEPC)
Jeff Knottek (CUS)
Jim Jacoby (AEP)
Jim Krajecki (CES)
Joe Fultz (GRDA)
John Boshears (CUS)
John Stephens (CUS)
John Varnell (TNSK)
Justin Hinton (SPP)
Lanny Nickell (SPP)
Lee Elliott (SPP)
Les Evans (Kepco)
Luke Haner (OPPD)
Luke Hill (SPP)
Lyle Larson (Balch)
Maria Tomac (BEPC)
Marisa Choate (SPP)
Maurice Moss (CUS)
Meena Thomas
Nicole Wagner (SPP)
Noman Williams (GridLiance)
Ray Bergmeier (SPEC)
Richard Dillon (SPP)
Robert Pick (NPPD)
Robert Safuto (CES)
Rodney Massman (MOPSC)
Ron Thompson (NPPD)
Russell Quattlebaum (SPP)
Ruth Sakya (SPS)
Shawn Geil (KEPCo)
Steve Gaw (Wind Coalition)
Steve Purdy (SPP)
Terri Gallup (AEP)
Tessie Kentner (SPP)
Tom Christenson (BEPC)
Victor Schock (NDNSC)
Walt Cecil (MOPSC)