

SOUTHWEST POWER POOL, INC.
Markets and Operations Policy Committee Briefing
NRIS/ERIS & Deliverability Task Force (NEDTF) Update
August 12, 2:00 p.m. to 3:30 p.m.
Net conference

AGENDA

1. Call to order.....Holly Carias, MOPC Chair
2. NEDTF recommendations.....Rob Janssen & NEDTF members
3. Questions and discussion..... All
4. Closing.....Holly Carias

NEDTF Members

Chair: Rob Janssen (Dogwood)

Vice-Chair: Jim Jacoby (AEP)

Staff Secretary: Steve Purdy (SPP)

Derek Brown (Eversource, TWG Vice-Chair)

Walt Cecil (Missouri Public Service Commission)

Jason Chaplin (Oklahoma Corporation Commission, previous CAWG Chair)

Natasha Henderson (Golden Spread, current SAWG Chair)

Travis Hyde (OG&E, previous TWG Chair)

Nathan McNeil (Midwest Energy, current TWG Chair)

Chase Smith (Southern Power)

Aaron Vander Vorst (Enel Green Power)



MOPC BRIEFING NRIS, ERIS AND DELIVERABILITY TASK FORCE (NEDTF)

ROB JANSSEN, NEDTF CHAIR

AUGUST 12, 2020

*Helping our members work together to keep
the lights on... today and in the future.*



SouthwestPowerPool

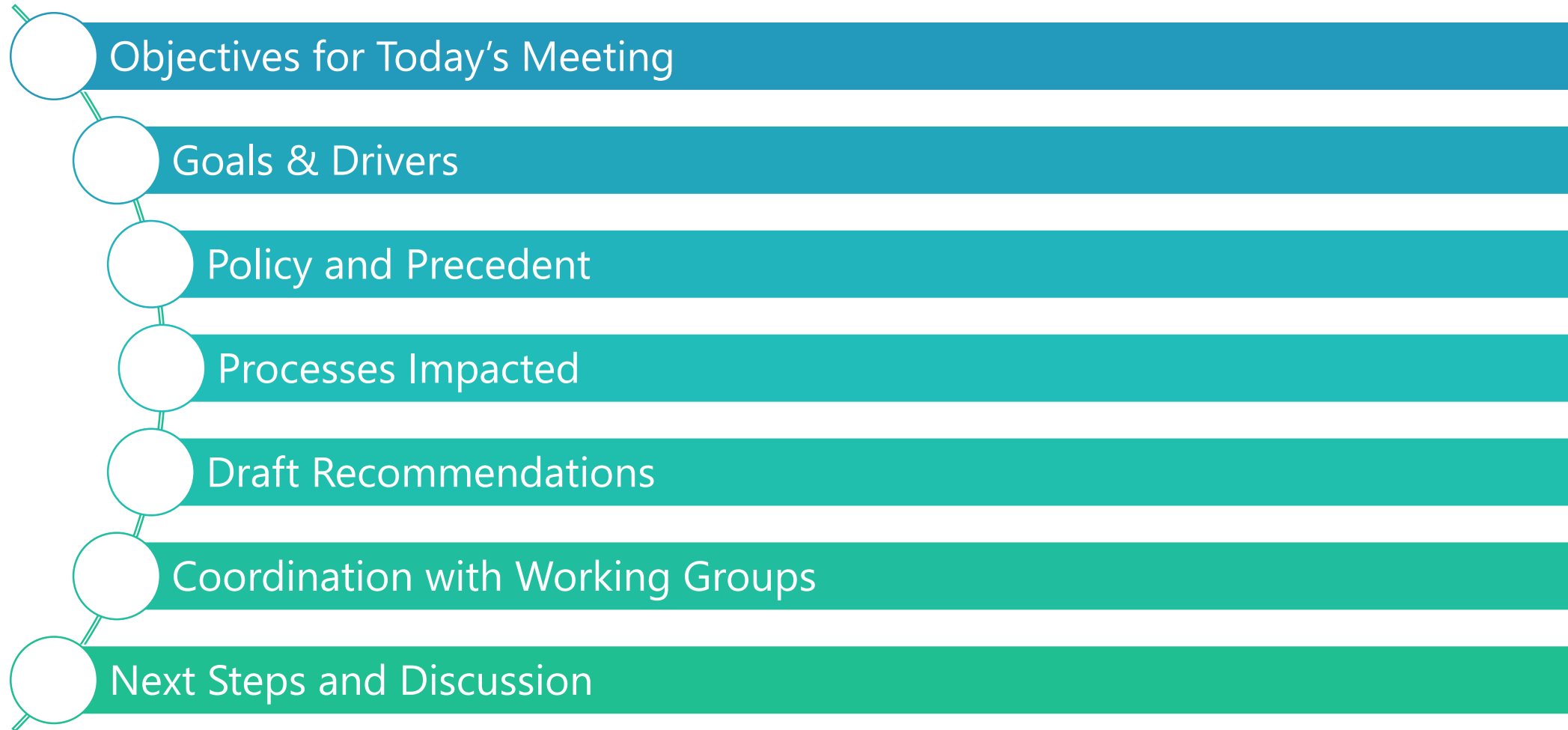


SPPorg



southwest-power-pool

TOPICS INCLUDED



OBJECTIVES FOR TODAY'S MEETING



Preview NEDTF draft recommendations

Q&A and discussion

Prepare MOPC for action in October 2020

NEDTF MEMBERSHIP

SAWG Members

- Jim Jacoby (AEP) **Vice-Chair**
- Natasha Henderson (Golden Spread, current SAWG Chair)

TWG Members

- Nathan McNeil (Midwest Energy, current TWG Chair)
- Derek Brown (Evergy, TWG Vice-Chair)
- Travis Hyde (OG&E, previous TWG Chair)

Former members

Brad Hans (MEAN, prev. SAWG Chair)

Ed Devarona (NextEra)

Tim Hall (Southern Power - replaced by Chase Smith)

CAWG Members

- Jason Chaplin (OCC, prev. CAWG Chair)
- Walt Cecil (MoPSC)

Independent Power Producers

- Aaron Vander Vorst (Enel Green Power)
- Chase Smith (Southern Power)

Chair

- Rob Janssen (Dogwood) **Chair**

GOALS & DRIVERS

HITT Transmission Planning Recommendation #1



NRIS/ERIS modifications

GO

Unanimously Approved HITT Motion:

SPP should develop and adopt a policy that creates appropriate balance between costs assessed and value attained from:

- ERIS (Energy Resources Interconnection Service) and NRIS (Network Resources Interconnection Service) generator interconnection products; and
- Generating resources with long-term firm transmission service

GOALS & DRIVERS

HITT Transmission Planning Recommendation #1



Per details of motion, NRIS/ERIS policy should:

- Add more value to NRIS by making it eligible for benefits comparable to those awarded to designated resources without requiring a separate transmission service study
- Tighten thresholds for mitigation of ERIS system impacts
- Include deliverability on larger sub-regional basis
- Address capacity accreditation
- Maintain cost/value balance throughout all transmission services, transmission planning and Integrated Marketplace processes
- Ensure effectiveness and equity for all impacted stakeholders

GOALS & DRIVERS

HITT Transmission Planning Recommendation #1



Further guidance from HITT recommendation:

- Consistency with how NRIS has been implemented by other RTOs
- Existing transmission service processes are expected to continue -
 - NRIS resources may be studied for transmission service to specific LRE loads within or outside of the sub-region for NITS or point-to-point service on request
 - It is not anticipated that congestion hedges (ARRs/TCRs) would be granted based on an NRIS interconnection without firm transmission service
- Consider whether the previous GITF recommendation to the MOPC is adequate in light of HITT's recommendations for changes to NRIS and congestion hedging
- Consider use of a congestion study to develop a thorough bases of support for any changes to ERIS thresholds

GOALS & DRIVERS

HITT Transmission Planning Recommendation #1



Benefits

- Adds to the NRIS value proposition and differentiates NRIS from ERIS through an incentive-based approach
- Promotes construction and funding of transmission facility upgrades by generators rather than LSEs
- Reduces by half the time necessary to convert an NRIS resource to a DR within a planning sub-region
- Expands options for LREs to acquire capacity resources by pre-qualifying resources with NRIS
- Improves consistency in assessments that qualify generating resources for capacity, since NRIS resources and DRs could be studied with the same thresholds

POLICY AND PRECEDENT

- **FERC Policy**

- History of ERIS and NRIS in SPP vs FERC's pro forma Order 2003
- FERC precedent regarding the NRIS and ERIS products,
 - FERC Docket Nos. ER08-1169 (MISO), ER14-83 (MISO), ER04-449 (NYISO) and ER04-457 (PJM).
 - Material originally requested by the HITT in RFI 64
- Order 2003-A, FERC Docket Nos. EL19-40, EL08-81, and ER09-1581.

- **Deliverability Structures of Other RTOs with focus on MISO and PJM**

- **Current SPP Deliverability**

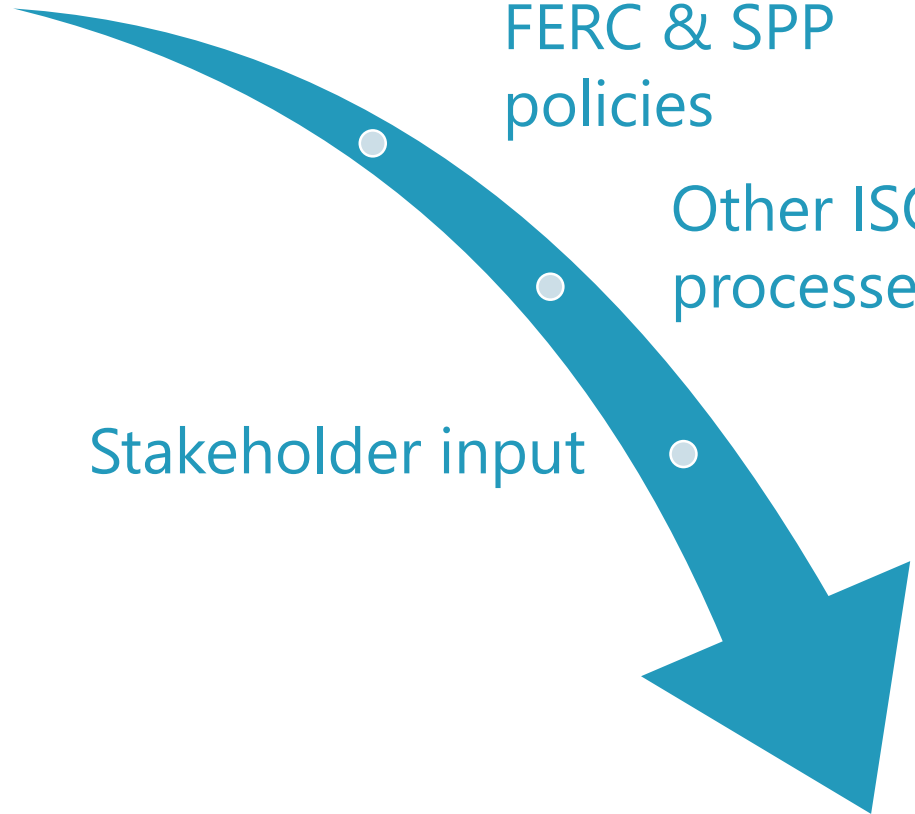
- Implementation of ERIS and NRIS products in SPP
- Aggregate Transmission Service Study process
- Resource Adequacy Deliverable Capacity product and process
- Deliverability Areas discussed by HITT and CAWG
- LOLE Zones in the current Resource Adequacy LOLE studies

- **ERIS Thresholds**

- Materials from the GLITF's previous work and its recommendation to MOPC regarding ERIS threshold

THE PATH FROM HITT TO NEDTF WHITEPAPER

HITT recommendation



FERC & SPP
policies

Other ISO/RTO
processes

Stakeholder input

NRIS deliverability (CRIS) &
ERIS recommendations

SPP'S DELIVERABILITY PRODUCTS TODAY

Firm transmission service (NITS)

- Delivers from designated resource to LSE's load
- Serves load plus planning reserve margin
- Short or long-term service
- Requires transmission service study in addition to interconnection study

Deliverable Capacity

- Delivers to any LSE's load in SPP
- Serves LSE's planning reserve margin (PRM), but not load
- Peak summer season service, limited to two summer seasons
- Annual allocation study in addition to interconnection study

POTENTIAL FUTURE SPP DELIVERY PRODUCTS

Firm transmission service (NITS)

- Delivers from a designated resource to LSE's load
- Serves load plus planning reserve margin
- Short or long-term service
- Requires transmission service study in addition to interconnection study

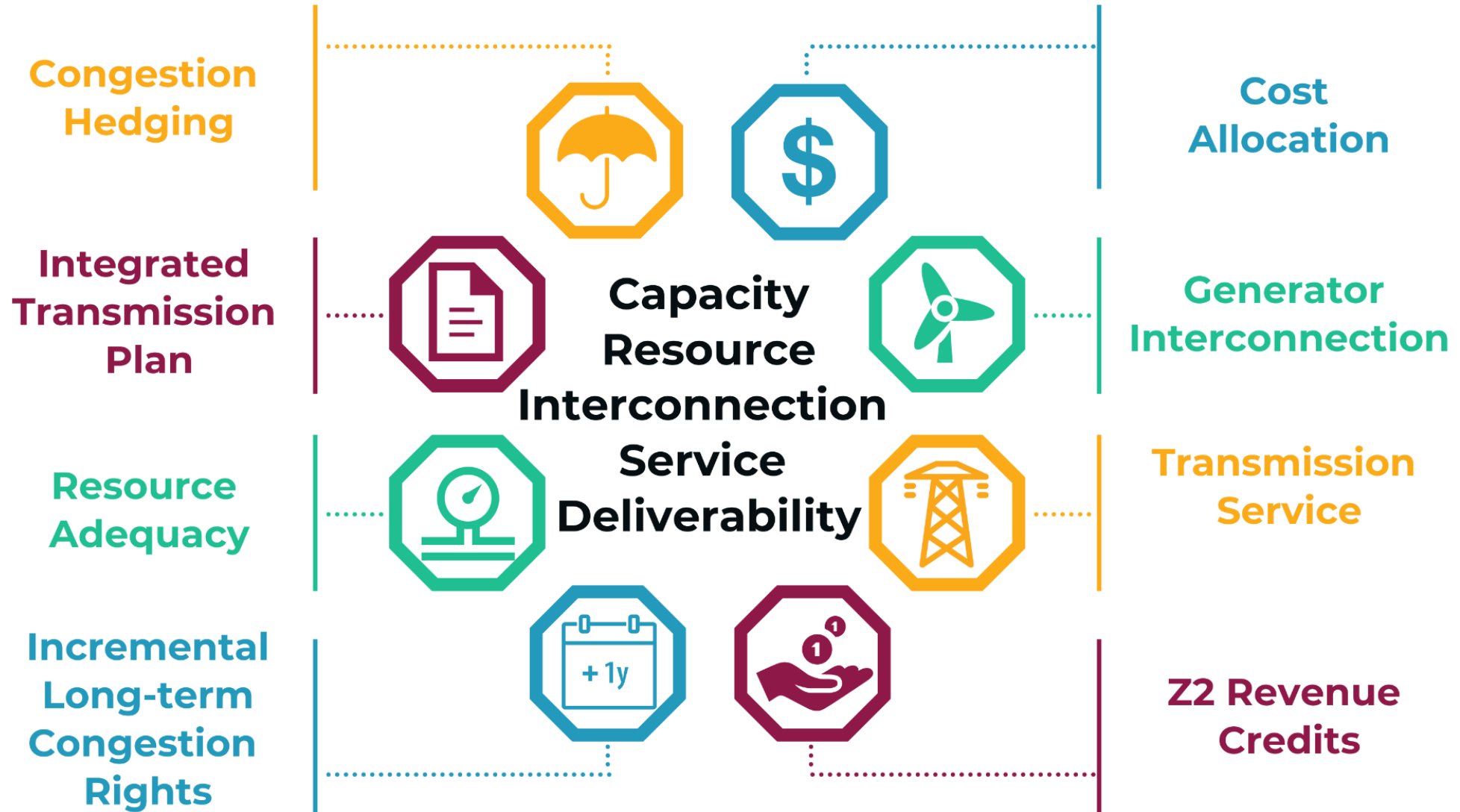
Capacity Resource Interconnection Service (CRIS)

- Delivers from a designated resource to any LSE's load in a Deliverability Area
- Serves load plus planning reserve margin
- Short or long-term service
- Flexible, "NITS-ready" interconnection service

Deliverable Capacity

- Delivers to any LSE's load in SPP
- Limited to serving LSE's planning reserve margin (PRM), but not load
- Peak summer season service, limited to two seasons
- Annual allocation study in addition to interconnection study

PROCESSES IMPACTED



NEDTF DRAFT RECOMMENDATIONS

Deliverability

Future State

1. Replace NRIS with CRIS
2. Retain NITS & add CRIS deliverability constructs
3. Align CRIS models & dispatch assumptions with NITS product
4. Study CRIS resources for delivery to loads within the same Deliverability Area
5. Grant a congestion hedge from a designated CRIS unit to an LSE (comparable to a NITS designation)
6. Grant CRIS deliverability up to ERIS capability

Transition to Future State

7. Conduct study to set size/scope of Deliverability Areas
8. Grant CRIS deliverability to existing resources with firm transmission service and to existing NRIS resources
9. Identify potential upgrades to optimize deliverability for existing resources and expand Deliverability Areas

ERIS Threshold

1. No link between implementing CRIS and GII TF's recommended changes to ERIS threshold
2. Focus on improving congestion hedging mechanism
3. If needed to provide basis for ERIS threshold changes, conduct Congestion & GI-ITP Comparison studies
4. If performing these studies, get TWG assessment on ERIS study process and models

1. REPLACE NRIS WITH CRIS

- Adopt **Capacity Resource Interconnection Service** (CRIS) as the term for the new product to replace existing NRIS product
- Provide a clearer designation between these two types of generator interconnections in SPP, which provide different services

NRIS → **CRIS**

2. RETAIN NITS & ADD CRIS DELIVERABILITY

- NITS and CRIS deliverability constructs should co-exist in SPP in the future if MOPC chooses to pursue the development of a CRIS deliverability interconnection product.
- As a result, the deliverability of specified resources to a specified load through NITS should continue to be counted for resource adequacy purposes
 - Use of NITS is recommended to continue and CRIS resources that serve load would be included in the NR/DR list of LSEs in a manner comparable to today's processes.

3. ALIGN CRIS MODELS & DISPATCH ASSUMPTIONS WITH NITS PRODUCT

- A set of models and dispatch assumptions to be used for the new CRIS product to make CRIS reasonably comparable to SPP's current NITS product
- Reviewed by TWG with a positive response, but no action taken yet by TWG

4. STUDY CRIS RESOURCES FOR DELIVERY TO LOADS WITHIN THE SAME DELIVERABILITY AREA

- Recommending that interconnected CRIS resources would be deliverable to any load within the same Deliverability Area (DA).
- They would not be deliverable across DA boundaries without requesting transmission service (CRIS in DA option)
 - Larger DAs would likely lead to larger deliverability benefits for Resource Adequacy
 - In response to this recommendation, the SAWG indicated a preference (via a straw poll) to keep the current limited, short-term Deliverable Capacity product in place if CRIS is implemented, subject to further review following CRIS implementation

5. GRANT A CONGESTION HEDGE FROM A DESIGNATED CRIS UNIT TO AN LSE (COMPARABLE TO A NITS DESIGNATION)

- Congestion hedges from designated CRIS interconnected resources should be granted to load serving entities in a similar manner to those from designated NITS resources due to the comparability of the two services
 - Failure to provide congestion hedges to load serving entities from designated CRIS resources could result in failing to maintain an appropriate balance between CRIS and NITS delivery services in SPP
 - Potential need to grant congestion hedges to Deliverability Areas for CRIS instead of load zones as with NITS

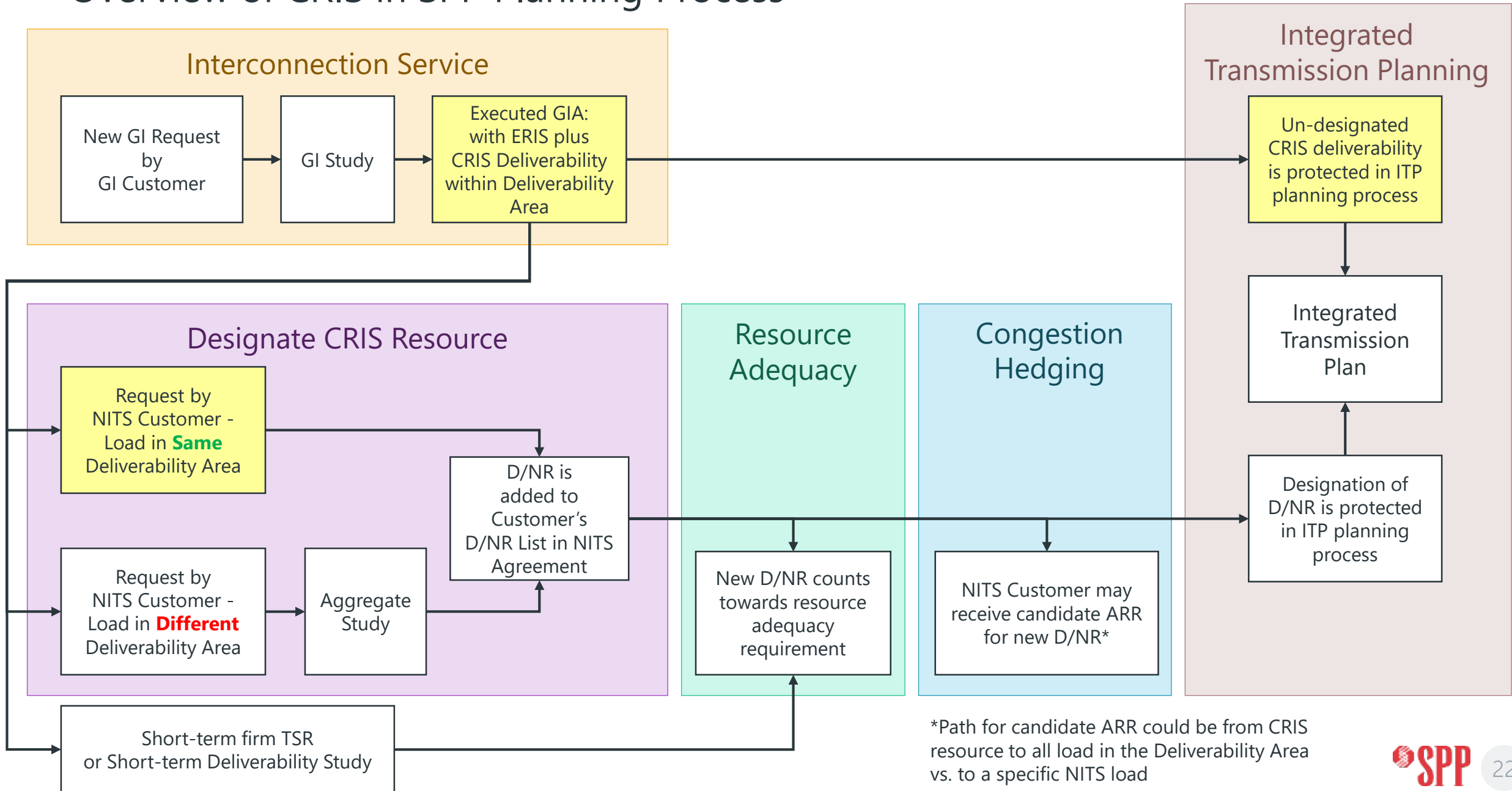
6. GRANT CRIS DELIVERABILITY UP TO ERIS CAPABILITY

- Resources may be studied and granted for CRIS in amounts up to and including their respective Energy Resource Interconnection Service (ERIS) limits
- Generator Owners would be able to request CRIS in any amount up to the nameplate capacity of a new Resource, comparable to the similar practices of other RTOs.
- If the amount of CRIS requested is less than nameplate, the remainder of the Resource would be interconnected using ERIS.

ADDITIONAL REQUIREMENTS TO BE OBSERVED IN DESIGN

- Deliverability from a CRIS resource must be maintained by the Transmission Provider for the life of the interconnection agreement, even during periods when the resource is not designated as a Network Resource to serve load
 - FERC Order 2003-A at paragraphs 552 and 560
- Closer coordination will be required between the GI and TSR processes and queues once delivery is granted under both processes. FERC requires priority on first come, first serve basis.
 - FERC Order 2003-A at paragraph 541

Overview of CRIS in SPP Planning Process



7. CONDUCT STUDY TO SET SIZE/SCOPE OF DELIVERABILITY AREAS

- Conduct study to determine optimal initial configuration of Deliverability Areas in SPP based on recommended set of principles in whitepaper
 - DAs should be as large as possible
 - Study should start with an analysis of the entire SPP footprint
 - Smaller DAs, if needed, should consider recognized significant transmission constraints.
 - Current LOLE zone boundaries could provide guidance.
 - Costs and benefits of DA size should be considered.
 - When possible, delivery points of LSEs should not be split between different Deliverability Areas

8. GRANT CRIS DELIVERABILITY TO EXISTING RESOURCES WITH FIRM TRANSMISSION SERVICE AND TO EXISTING NRIS RESOURCES

- Eligible existing resources in SPP should be studied for, and granted, CRIS deliverability in an amount up to the limits imposed on their deliverability to the DA in which they are located
 - Existing resources with firm transmission service in SPP, or an existing NRIS resource without firm transmission service are eligible for inclusion in this study
 - Further recommendations provided on study parameters

9. IDENTIFY POTENTIAL UPGRADES TO OPTIMIZE DELIVERABILITY FOR EXISTING RESOURCES AND EXPAND DELIVERABILITY AREAS

- Study should evaluate costs and benefits of potential facility upgrades that would relieve constraints and allow for larger DAs and for resources to reach a threshold of deliverability that is deemed reasonable for a DA
 - The possible approval process and cost recovery for such facilities, if any, has been discussed by the NEDTF, but requires further discussion by appropriate working groups.
 - However, it could tie-in with the CAWG's follow-up work on Schedule 11 zones that would consider the development of Deliverability Areas.

COST RECOVERY DISCUSSION

Future State

- Using CRIS, up-front costs of transmission facility upgrades to deliver capacity and energy to loads would be borne by Interconnection Customers, unlike under ERIS. Meets HITT objective.
- Transmission Owners would continue to build and maintain transmission facilities to maintain deliverability to loads and recover costs in applicable rates.

Transition

- Costs of transition study would likely need to be recovered through SPP's administrative fee as part of the initial development of the new CRIS deliverability process, just like any other new process in SPP.

1. NO LINK BETWEEN IMPLEMENTING CRIS AND GIITF'S RECOMMENDED CHANGES TO ERIS THRESHOLD

- Implementation of CRIS deliverability would not lead to modifications to Generator Interconnection Improvement Task Force's recommended changes to ERIS threshold in SPP
- Replacing the current non-deliverable NRIS in SPP with deliverable CRIS provides differentiation in interconnection services, but it doesn't impact the purpose of the ERIS threshold, which is an attempt to approximate a minimal interconnection requirement for every generating resource interconnection (FERC Order 2003)

2. FOCUS ON IMPROVING CONGESTION HEDGING MECHANISM

- SPP should focus on defining and implementing an adequate & effective congestion hedging mechanism in SPP rather than adjusting GIITF's recommendation on ERIS thresholds to make up for any lack of such congestion hedging mechanism effectiveness
- Preliminary wording that hasn't been fully discussed by the task force

3. IF NEEDED TO PROVIDE BASIS FOR ERIS THRESHOLD CHANGES, CONDUCT CONGESTION & GI-ITP COMPARISON STUDIES

- If a thorough basis of support for the GIITF recommendation, or any other changes to the ERIS threshold, are desired, a GI-ITP Comparison study and a Congestion Study should be conducted
- Studies would provide a thorough assessment of both a reasonable criteria for a basic, minimal interconnection in SPP as well as the costs and benefits to the customers being asked to pay for such basic, minimal interconnection service
 - NEDTF was directed to consider the use of a congestion study to develop a thorough basis of support for any changes to ERIS thresholds.
 - Determined a congestion study could provide useful information
 - A comparison study of historical GI and ITP results would do more to determine whether proposed ERIS threshold would be adequate to establish a basic, minimal interconnection for ERIS in SPP

4. IF PERFORMING THESE STUDIES, GET TWG ASSESSMENT ON ERIS STUDY PROCESS AND MODELS

- TWG should assess whether it can recommend changes to ERIS study process and models to be approved or rejected before beginning Congestion and GI-ITP Comparison studies, if MOPC recommends conducting these studies
- Long-term value of results of the studies would be improved if any potential future changes to the ERIS process and models were decided in advance
- If fewer scenarios are studied to assess an ERIS interconnection, a further restriction in the ERIS threshold could be justified as a reasonable, counterbalancing measure

COORDINATION WITH SAWG

- CRIS Deliverability replacement or coexistence with currently available Deliverable Capacity
 - SAWG indicated a preference (via a straw poll) to keep the current limited, short-term Deliverable Capacity product in place if CRIS is implemented, subject to further review following CRIS implementation
- Consider whether partial CRIS service for a Resource is equivalent to partial transmission service in the context of SAWG's ELCC 3-tier approach.
 - Initial SAWG discussions indicate it could be equivalent.
- Requested SAWG feedback on scope of CRIS Deliverability Areas

COORDINATION WITH TWG

- Models and modifications to current NRIS studies to align with NITS studies
- Potential changes to “downstream” planning processes, including development of a process for maintaining CRIS deliverability
- Review, and possible implementation, of transition study to develop optimal initial configuration of Deliverability Areas and allocate new NRIS deliverability to existing eligible resources in SPP
- Review, and possible implementation, of Congestion and GI-ITP Comparison study proposals
- Feedback regarding changes to ERIS study models and assumptions prior to further evaluation of ERIS thresholds, if any

COORDINATION WITH CAWG

- Coordinate scope/scale discussion of Deliverability Areas with HITT C1 Recommendation being addressed by CAWG
- Address any identified potential cost allocation, resource adequacy or financial transmission rights issues under RSC purview:
 - Modification of “wind rule” to accommodate larger deliverability areas?
 - Application of future Z2 impact calculations for CRIS designations without the aggregate study process?
 - Any cost allocation incentives to utilize ERIS coupled with firm transmission service (NITS) instead of CRIS?
 - Review similarity of CRIS and NITS for awarding candidate ARR to LSEs when designating CRIS units to serve load?
 - Review similarity of CRIS and NITS for cost allocation of any potential upgrades needed to maintain deliverability?
 - Review potential cost allocation of any potential upgrades evaluated in the transition process to provide full deliverability of existing firm resources to the entire deliverability area or to allow larger deliverability areas?

NEXT STEPS

- NEDTF
 - Finalize white paper
 - Finalize coordination with working groups
 - Present final recommendations at October MOPC
- MOPC Members
 - Review initial recommendations
 - Review final white paper
 - Provide feedback to
 - Steve Purdy (spurdy@spp.org)
 - Rob Janssen (Rob.Janssen@kelsonenergy.com)
 - Any [NEDTF member](#)
 - Subscribe to “SPP NRIS, ERIS and Deliverability Task Force Exploder” to receive updates

QUESTIONS & DISCUSSION