

ORDER 831 OFFER VERIFICATION

VERIFICATION OF ACTUAL COSTS

ANTITRUST:

SPP strictly prohibits use of participation in SPP activities as a forum for engaging in practices or communications that violate the antitrust laws. Please avoid discussion of topics or behavior that would result in anti-competitive behavior, including but not limited to, agreements between or among competitors regarding prices, bid and offer practices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that might unreasonably restrain competition.

PURPOSE OF THIS MEETING

- Clarify requirements:
 - Why is actual cost information required?
 - Who is required to provide information on actual cost?
 - What types of information are required?
 - What format should information be presented?
 - Where and how should the information be submitted?
- Answer your questions about the above topics.

TIMELINE FOR COMPENSATION OF ACTUAL COSTS

Operating Day	Deadline for submission	Deadline for verification	S53 Statement
2/11	3/18	3/28	4/5
2/12	3/19	3/29	4/6
2/13	3/20	3/30	4/7
2/14	3/21	3/31	4/8
2/15	3/22	4/1	4/9
2/16	3/23	4/2	4/10
2/17	3/24	4/3	4/11
2/18	3/25	4/4	4/12
2/19	3/26	4/5	4/13
2/20	3/27	4/6	4/14

OBLIGATIONS AND CONFIDENTIALITY

- Market participants have an obligation under Attachment AG of the SPP tariff to provide access to information including start-up fuel costs, and fuel purchase costs to the market monitor upon request.
 - Data and information may be designated as confidential but may not be redacted.
 - Data may be requested in a non-proprietary format.
- The market monitor is obligated to protect and preserve all confidential information provided pursuant to Section 11 of Attachment AE of the SPP tariff.

WHY IS ACTUAL COST INFORMATION REQUIRED?

WHY (INCREMENTAL ENERGY)?

- FERC Order No. 831 and Attachment AF of the SPP tariff require after-the-fact verification of **actual costs** for incremental energy offers if:
 - Offers are not verified, and capped at \$1,000/MWh in price formation, or
 - Offers are verified, and capped at \$2,000/MWh in price formation.
 - Verified offer becomes the cap for reimbursement.
- FERC Order No. 831 and Attachment AF of the SPP tariff allow for the submission of incremental energy offers based on actual or expected costs.
 - If offers are verified and used in price formation, then those offers will be used in the settlement process.

WHY (NO-LOAD COSTS)?

- FERC Order No. 831A includes minimum generation in incremental energy offer:
 - SPP and the MMU interpret minimum generation to include no-load in the SPP market.
 - The tariff does not currently require the MMU to verify no-load offers for incremental energy offers over \$1,000/MWh.

WHY (START-UP COSTS)?

- Under the same reasoning relied on by FERC to apply offer cap and verification rules to minimum generation, the MMU and SPP interpret the cap and verification rules to apply also to Start-up costs.
- The tariff does not currently require the MMU to verify start-up offers for incremental energy offers over \$1,000/MWh.
 - Reimbursement for start-up costs may be subject to actual verifiable cost.

WHO IS REQUIRED TO SUBMIT ACTUAL COST INFORMATION?

WHO?

- All market participants with resources who have an incremental energy offer over \$1,000/MWh.
- Virtual transactions and Interchange transactions (imports and exports) are **not** required to submit actual cost information.

WHAT TYPE OF INFORMATION IS REQUIRED?

WHAT INFORMATION?

- Type of information required
 - Actual costs incurred –
 - Contracts, statements, invoices, other records of actual cost.
 - Start-up, no-load, and incremental energy offers based on actual costs.
 - Information and documentation that aids the MMU in verifying new offers submitted based on cost information submitted –
 - Weighted average cost of fuel (and definition of weighting).
 - Modification of usual factors like heat rate (and justification).
 - Modification of usual costs like VOM (and justification).

**WHAT FORMAT SHOULD
THE INFORMATION BE
PRESENTED?**

FORMAT (INCREMENTAL ENERGY OFFER CURVE)

Hour Ending CPT	Offer Qty	Fuel \$/Qty	Other \$/MWh	\$/MWh
2/15/2021 9:00	30	\$ 399.53	\$ -	\$ 3,595.76
2/15/2021 9:00	60	\$ 399.53	\$ -	\$ 3,675.67
2/15/2021 9:00	90	\$ 399.53	\$ -	\$ 3,755.58
2/15/2021 10:00	30	\$ 485.60	\$ -	\$ 4,370.43
2/15/2021 10:00	60	\$ 485.60	\$ -	\$ 4,467.55
2/15/2021 10:00	90	\$ 485.60	\$ -	\$ 4,564.67

FORMAT (START-UP AND NO-LOAD OFFERS)

Hour Ending CPT	Fuel \$/Qty	Other \$	Start-Up Cost
2/15/2021 9:00	\$ 399.53	\$ -	\$ 127,849.41
2/15/2021 10:00	\$ 485.60	\$ -	\$ 155,392.94

Hour Ending CPT	Fuel \$/Qty	Other \$	No-Load Cost
2/15/2021 9:00	\$ 399.53	\$ -	\$ 59,929.41
2/15/2021 10:00	\$ 485.60	\$ -	\$ 72,840.44

FORMAT (FUEL COST)

Additional transportation Surcharge

Spreadsheet	Tab	Index	CPT Hour Ending	Qty	\$/Qty	Other \$/Qty	Total
-	Inv 1	B	2/15/2021 9:00	500	\$ 320.00	\$ 6.40	\$ 326.40
-	Cont 1	E	2/15/2021 9:00	350	\$ 480.00	\$ 24.00	\$ 504.00
-	Inv 1	C	2/15/2021 10:00	500	\$ 395.00	\$ 7.90	\$ 402.90
-	Cont 1	F	2/15/2021 10:00	350	\$ 575.00	\$ 28.75	\$ 603.75

FORMAT (RECORD OF FUEL PURCHASE - INVOICE)

PDF of actual invoice

ABC Gas, Inc. Invoice

	CPT Beginning Hr	CPT Ending Hr	Description	Cost /Unit	Units	Total
B	2/14/2021 10:00	2/15/2021 9:00	Fuel	\$ 320.00	12,000	\$ 3,840,000.00
B	2/14/2021 10:00	2/15/2021 9:00	Transportation Surcharge	\$ 6.40	12,000	\$ 76,800.00
C	2/15/2021 10:00	2/16/2021 9:00	Fuel	\$ 395.00	12,000	\$ 4,740,000.00
C	2/15/2021 10:00	2/16/2021 9:00	Transportation Surcharge	\$ 7.90	12,000	\$ 94,800.00

FORMAT (RECORD OF FUEL PURCHASE - CONTRACT)

PDF of actual invoice

CBA Gas, Inc.
Contract 26268

	CPT Beginning Hr	CPT Ending Hr	Description	Cost /Unit	Units	Total
E	2/14/2021 10:00	2/15/2021 9:00	Fuel	\$ 480.00	12,000	\$ 5,760,000.00
E	2/14/2021 10:00	2/15/2021 9:00	Transportation Surcharge	\$ 24.00	12,000	\$ 288,000.00
F	2/15/2021 10:00	2/16/2021 9:00	Fuel	\$ 575.00	12,000	\$ 6,900,000.00
F	2/15/2021 10:00	2/16/2021 9:00	Transportation Surcharge	\$ 28.75	12,000	\$ 345,000.00

WHERE AND HOW TO SUBMIT?

WHERE AND HOW?

- All relevant information for a resource should be placed in a spreadsheet, with tabs identifying types of data.
 - Start-up offer, no-load offer, incremental energy offer, fuel purchases, records of fuel purchase, etc.
- Each tab should contain hourly data for the resources.
- Records of fuel purchase that are referenced by multiple resources can be placed in a separate spreadsheet.
 - Each PDF of a record of actual fuel purchase should have its own tab.

WHERE AND HOW?

- Requested information and documentation should be uploaded to the Mitigated Offer Methodology of the Market Monitoring Portal.
- Upload should be a zip file containing all relevant information and documentation for a group of resources modeled under an asset owner.
- Zip file (password protected if desired) should be given a unique name that begins with "1K_".
- Uploaded zip files will be placed in "Submitted" status.
- Once the MMU has completed verifying a zip file, it will be placed in "Approved" status.

RISK OF NOT SUBMITTING ACTUAL COST INFORMATION

RISK?

- Failure to submit requested information in a timely manner could result in an under-recovery of cost.
- All relevant information must be submitted to the Market Monitoring Portal no later than 35 days after the operating day.

QUESTIONS?

- General questions and questions about non-confidential information should be submitted through RMS.
 - Use the “Market Monitor” quick-pick.
- Specific questions and questions about confidential information should be submitted through e-mail.
 - Addressed to: sppmarketmonitoring@spp.org

CONTACT SLIDE

Market Monitoring

Please feel free to e-mail us at
sppmarketmonitoring@spp.org

Or call us (501)366-8282