

2021 and Beyond Operational Objectives

Updated: 07/26/21

Regional State Committee

Who We Are

The Southwest Power Pool (“SPP”) Regional State Committee (“RSC”) provides collective state regulatory agency input in areas under the RSC’s primary responsibilities and on matters of regional importance related to the development and operation of the bulk electric transmission system. “Any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP activities, including participation at the SPP Board of Directors meetings. These representatives shall have all the same rights as Members except the right to vote. Participation includes the designation of representatives by each of the regulatory jurisdictions to participate in any type of committee, working group, task force, and Board of Directors meetings.” SPP Bylaws Sec.7.0. The SPP RSC is comprised of retail regulatory commissioners from agencies in Arkansas, Iowa, Kansas, Louisiana, Missouri, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota and Texas. For further background information on the RSC, please see The History of the RSC for the SPP, Inc. document found on the SPP website here:

<https://www.spp.org/documents/58610/history%20rsc%202020%2020200403%20online.pdf>

RSC Responsibilities

Under the SPP Bylaws Sec. 7.2, the RSC has primary responsibility for determining regional proposals and the transition process in the following areas:

- (a) Whether and to what extent participant funding will be used for transmission enhancements;
- (b) Whether license plate or postage stamp rates will be used for the regional access charge;
- (c) FTR allocation, where a locational price methodology is used; and
- (d) The transition mechanism to be used to assure that existing firm customers receive FTRs equivalent to the customers’ existing firm rights.

The RSC will also determine the approach for resource adequacy across the entire region. In addition, with respect to transmission planning, the RSC will determine whether transmission upgrades for remote resources will be included in the regional transmission planning process and the role of transmission owners in proposing transmission upgrades in the regional planning process.

As the RSC reaches decisions on the methodology that will be used to address any of these issues, SPP will file this methodology pursuant to Section 205 of the Federal Power Act. However, nothing in this section prohibits SPP from filing its own related proposal(s) pursuant to Section

205 of the Federal Power Act. For more information on the SPP Bylaws, please use the e-tariff viewer on the SPP website at the following link: <https://spp.etariff.biz:8443/viewer/viewer.aspx>

2021 RSC Operational Objectives	Issue/Potential Steps/Status	RSC Primary Responsibility	Potential Outcome	Timeline
<p>HITT – Recommendation C1 Decouple Schedule 9 and 11 Pricing Zones</p>	<p>Issue: HITT recommendation C1 was to decouple Schedule 9 and 11 Pricing Zones. CAWG moved that, if decoupling is found feasible, it would only apply to facilities with an NTC issued after January 1, 2021.</p> <p>CAWG/RSC to work to determine tariff revisions that would be necessary. If larger Schedule 11 pricing zones are desired by RSC/CAWG, develop methodology to establish larger zones and determine potential impacts.</p>	<p>Cost Allocation: SPP Bylaws: Section 7.2</p> <p>(a) whether and to what extent participant funding will be used for transmission enhancements; and</p> <p>(b) whether license plate or postage stamp rates will be used for the regional access charge.</p>	<p>White paper and revised tariff language to decouple Schedule 9 and 11 and new Schedule 11 transmission pricing zones.</p>	<p>April 2020: First draft of tariff language. July 2020: RSC approve Policy Report and Tariff language.</p> <p>February 2021: Policy Report and Tariff language have been postponed until further analysis is completed by SPP Staff and the Deliverability Steering Committee (“DSC”). Draft Policy Report expected late 2021/early 2022.</p> <p>April 2021: CAWG suspended work until July 2021, will take up again in August 2021 CAWG meeting.</p>
<p>HITT – Recommendation C2 Evaluate a Byway Facility Cost Allocation Review Process</p>	<p>Issue: HITT recommendation to create narrow review process through which byway facilities (> 100 kV and < 300 kV) would receive regional funding.</p>	<p>Cost Allocation: SPP Bylaws: Section 7.2</p>	<p>White paper and revised tariff language to implement Byway Facility Cost Allocation Review Process.</p>	<p>April 2020: Initial draft of process. July 2020: RSC approved White Paper and proposed tariff language. October 2020: RSC approved RR 422, tariff language to implement HITT C2. February 2021: SPP expects to file tariff language late February/early March with 60 day effective date. April 2021: Tariff language filed at FERC.</p>

				<p>June 2021: FERC rejected C2/SPP’s proposed revisions to Attachment J of the Tariff. FERC specifically pointed out the rejection was without prejudice.</p> <p><u>July 2021:</u> Work to begin on revising and refile Tariff language through various work groups.</p>
<p>HITT – Recommendation C4 Evaluate cost allocation for transmission storage devices</p>	<p>Issue: Develop cost allocation methodology for storage devices (i.e. batteries) that qualify as transmission facilities.</p>	<p>Cost Allocation: SPP Bylaws: Section 7.2</p> <p>(a) whether and to what extent participant funding will be used for transmission enhancements; and</p>	<p>White paper and revised tariff language implementing cost allocation methodology for storage devices that qualify as transmission facilities.</p>	<p>March 2020: Final draft of white paper.</p> <p>July 2020: CAWG/RSC approval of white paper.</p> <p>February 2021: White paper delayed due to additional analysis required, expected CAWG/RSC approval of white paper July 2021.</p> <p>July 2021: C4 white paper approved by CAWG and on July 26, 2021, the RSC approved the paper. <u>BOD and MC approved the whitepaper on July 27, 2021.</u></p>
<p>Secondary HITT Recommendations: T1: NRIS/ERIS M1: Congestion Hedging S3: Storage White Paper</p>	<p>Issue: Continue work on HITT recommendations for which CAWG/RSC is secondary working group.</p>	<p>SPP Bylaws: Section 7.2</p> <p>(c) FTR allocation, where a locational price methodology is used; and</p> <p>(d) The transition mechanism to be used to assure that existing firm customers receive FTRs equivalent to the customers’ existing firm rights.</p>	<p>Potential Action Based on Primary Working Group Schedule:</p> <p>February 2021: T1: MOPC approved NEDTF white paper in October 2020 and formed the DSC to implement the TF’s recommendations. Deliverability analysis should be complete by mid-year 2021 and relates to HITT C1 additional analysis.</p> <p>M1: RSC participating in Strategic Planning Committee process to address issue.</p> <p>S3: Jan. 2021 MOPC approved direction of seven initiatives and remanded one to Energy</p>	<p>Adhere to schedules developed by primary working groups.</p> <p>Deliverability Steering Committee: https://www.spp.org/stakeholder-groups/organizational-groups/board-of-directorsmembers-committee/markets-and-operations-policy-committee/deliverability-steering-committee/</p> <p>Strategic Planning Committee: https://www.spp.org/stakeholder-groups/organizational-groups/board-of-directorsmembers-committee/strategic-planning-committee/</p> <p>Electric Storage Resource Steering Committee: https://www.spp.org/stakeholder-</p>

			Storage Resource Steering Committee.	groups/board-of-directorsmembers-committee/markets-and-operations-policy-committee/electric-storage-resources-steering-committee/
OMS/RSC Seams Liaison Committee (“SLC”):	Issue: Continued work to identify potential improvements in Seams areas and work with SPP and MISO on implementation.	SPP Bylaws, Section 7.0: Regulatory Involvement and Regional State Committee. Four Commissioners serve on the Committee.	To increase benefits to ratepayers in MISO and SPP regions by improving transactions and operations across the seam and to improve inter-RTO relations through state-led cooperation.	TBD based results of analysis, recommendation from the Joint Committee, and RSC/OMS action. February 2021: RSC approved final recommendations of the OMS/RSC SLC. March 2021: OMS approved final recommendations of the OMS/RSC SLC. April 2021: SLC future meetings on quarterly basis. July 2021: SLC July 15, 2021 meeting updates. Pancaking workgroup formed. June 4, 2021 initial meeting. July 12, 2021 meeting developing survey and information requests to LSEs and RTOs. Next meeting August 9, 2021.
Z2 Credits – FERC Order on Remand: Docket No. ER16-1341-003	Issue: FERC directs SPP to provide refunds, with interest calculated pursuant to 18 C.F.R. § 35.19a (2018). FERC also directs SPP to file a report within 120 days of the date of this order detailing how it proposes to make the refunds.	Cost Allocation: SPP Bylaws: Section 7.2 (a) whether and to what extent participant funding will be used for transmission enhancements.	To be determined.	Continued monitoring of effects of various dockets related to Attachment Z2. July 2021: SPP staff update to RSC on pending federal court litigation.

<p>Comprehensive Review Steering Committee:</p> <p>RSC’s Review of SPP’s Communications February 2021 Cold Weather Event</p> <p>CAWG February 2021 Event Ad Hoc Study Group</p>	<p>Issue: Initiate a 5-path collaborative review of the 2021 winter storm event with coordination and oversight to be provided by the Comprehensive Review Steering Committee. Areas of review include: Operational, Financial, RSC, Market Monitoring Unit, and Communications.</p>	<p>SPP Bylaws: Section 7.2</p> <p>The primary initial focus of the RSC will be on the communications piece of the incident.</p> <p>CAWG areas of review include cost allocation for transmission system expansion, allocation of financial transmission rights and resource adequacy.</p>	<p>Goals of SPP Review:</p> <ul style="list-style-type: none"> • Assess performance during winter storm event, • Engage with all stakeholders in a transparent process, • Identify operational and market issues and challenges, • Develop recommendations for improving future performance, • Improve joint capabilities, • Improve communications and warning system. 	<p>Overall assessments and lessons learned to be reported to the board of directors in July 2021.</p> <p>June 2021: CAWG and RSC approved Ad Hoc Study.</p> <p>July 2021: BOD and MC approved Steering Committee Report with one additional recommendation on root cause analysis.</p>
<p>FERC Order 2222 Task Force:</p> <p>Adopts reforms to remove barriers to participation of distributed energy resource (“DER”) aggregations in RTOs and ISOs.</p>	<p>Issue: FERC determined current market rules designed for traditional resources can create barriers to entry for emerging technologies and thus were unjust and unreasonable and may restrict efficient operation of resources and competitiveness of wholesale markets.</p>	<p>Distribution System Regulation: Address metering and telemetry requirements for DER aggregations.</p> <p>Address coordination between SPP, the DER Aggregator, the distribution utility and the relevant electric retail regulatory authority.</p> <p>Two RSC members serve on the task force.</p>	<p>To be determined.</p>	<p>July 19th, 2021 for ISO/RTOs.</p> <p>On February 18th SPP requested the Commission to grant an extension to April 28, 2022, to submit its compliance filing in response to Order No. 2222 and to act on the motion by April 1, 2021.</p> <p>April 2021: FERC granted extension to April 28th, 2022.</p>
<p>Strategic & Creative Re-engineering of Integrated Planning Team: (“SCRIPT”)</p>	<p>Issue: The SCRIPT is responsible for strategically developing broad changes to SPP’s transmission planning processes</p>	<p>SPP Bylaws: Section 7.2</p> <p>Two RSC members serve on the planning team.</p>	<p>To be determined. Items include but not limited to: Appropriate consolidation, modification, or elimination of SPP’s transmission planning and study processes,</p>	<p>Duration: The SCRIPT is <u>currently scheduled</u>expected to complete its work by October 2021; though completion date might be adjusted.</p>

	to better meet customer needs while resolving growing stakeholder concerns about the amount, nature and funding of continued transmission investment amid rapid industry changes.		Improved cost sharing among users of the transmission system that appropriately recognizes causers and beneficiaries of transmission investment decisions, Utilization of processes and information needed to ensure decisions being made about future investment in transmission infrastructure are made with a high degree of confidence and quality.	
State Commissioner Forum	Issue: Six entities in the Western Interconnect have expressed interest in becoming SPP members. This integration could add Colorado, Wyoming, and Montana to the RSC. A State Commission Forum is established to work with SPP staff and a Members Forum on integration of new entities.	SPP New Member Stakeholder Communication Process	Three potential new Commissioners/States would join RSC, necessitating changes to RSC Bylaws.	Potential integration expected late 2022/early2023. July 2021: Commissioner Forum met in April, May, June, and July. BOD and MC approved terms and conditions of membership for potential New Members in the West. Cost sharing for DC ties will be voted on in October 2021.
Capacity Resource Interconnection Service (“CRIS”) Cost Allocation Impacts: NRIS,ERIS, Deliverability Task Force (“NEDTF”)	Issue: During the course of the NEDTF policy proposals, a number of potential cost allocation items were identified and communicated to the CAWG for their review. Section 3.13.3 “Cost Allocation Working Group – CAWG” NEDTF Whitepaper:	SPP Bylaws: Section 7.2	To be determined.	February 2021: T1: MOPC approved NEDTF white paper in October 2020 and formed the DSC to implement the TF’s recommendations. DSC scope states duration of the DSC will conclude its work when the MOPC has approved policies and related tactical recommendations necessary to fully implement the NEDTF recommendations.

Regional Allocation Review Task Force (RARTF)	The RARTF is responsible for defining “the analytical methods to be used” to “review the reasonableness of the regional allocation methodology and factors (X% and Y%) and the zonal allocation methodology.” The analytical method shall be designed to “determine the cost allocation impacts of the Base Plan Upgrades with Notifications to Construct issued after June 19, 2010 to each pricing Zone within the SPP Region.”	SPP Bylaws: Section 7.2 : Cost allocation Southwest Power Pool Open Access Transmission Tariff, Attachment J, Section III.D. Four Commissioners serve on the TF including its Chair.	Consider improvements, if any, to the long term cumulative equity of cost allocation and benefits for members resulting from SPP’s Integrated Transmission Planning process. RARTF shall prepare and present a report to the Market and Operations Policy Committee (MOPC) and the Regional State Committee (RSC) for approval.	Due in 2022: Study process start 2 nd half 2021. July 2021: First meeting to discuss RCAR III.
Identify Other Areas for Future Review	Review RSC areas of responsibility and identify potential issues to address in the future.	SPP Bylaws: Section 7.2	To be determined	Covid-19 impacts. Safe Harbor Criteria Review