

MARKETS



DEVELOPMENT UPDATE

February 2, 2022



*Working together to responsibly and economically
keep the lights on today and in the future.*



SouthwestPowerPool



SPPorg



southwest-power-pool



Southwest Power Pool
**WESTERN
ENERGY
SERVICES**

WELCOME AND OVERVIEW

BRUCE REW

AGENDA

Welcome and Overview	Bruce Rew
Design Team Updates <ul style="list-style-type: none">- Governance- Transmission Availability- Market Products/Price Formation	Sarah Edmonds Steve Johnson Jim Gonzalez
Launching Remaining Design Teams <ul style="list-style-type: none">- Market Monitor- Green House Gas Tracking	Bruce Rew
Questions/Discussion	
Schedule and Next Steps	Bruce Rew
Future Meetings	Bruce Rew

GOVERNANCE DESIGN TEAM UPDATE

SARAH EDMONDS, PORTLAND GENERAL ELECTRIC

STAKEHOLDER LEADS

Sarah Edmonds	Director, Transmission Services	Portland General Electric
Aly Koslow	Director, Federal Regulatory Affairs and Compliance	Arizona Public Service
David Rubin	Federal Energy Policy Director	NV Energy
Joe Fina	Assistant General Counsel	Snohomish County Public Utility District No. 1
Lea Fisher	Senior Policy Analyst	Public Generating Pool

SPP Support Team

Kara Fornstrom	Director, State Regulatory Policy
Mike Riley	Associate General Counsel
Nicole Wagner	Manager, Regulatory Policy
Patti Kelly	Lead Regulatory Analyst

GDT TOPIC SCOPE

- Our Issues

- Board of Directors
- Committee Framework
(Participants, Nominating,
Technical, Regulators and
Stakeholders)
- Voting Structures
- Jurisdiction
- Exit Provisions

- Not Our Issues

- Market Monitor
- Green House Gas Tracking
- (Both Issues are separate
design elements that will be
addressed by other teams)

GOVERNANCE OBJECTIVES

- Independent Board of Directors with Skills and Experience Reflective of All Regions, Market Participants and Interests within Its Oversight
- Open, Transparent Stakeholder Process that Balances Diverse Interests
- Board Nominating Process that is Clearly Defined and Geographically/Sector Representative
- Effective Forums for Stakeholders within the Governance Framework

INTRODUCTION OF GOVERNANCE OPTIONS

- **Option #1:** Modify existing SPP RTO governance structure
 - Include Markets+ Sector Representation, as SPP Members, on Standing RTO Committees
 - PLUS Minimal Autonomous governance framework for Markets+ exclusive issues
- **Option #2:** Robust autonomous Markets+ governance framework
 - Would establish Markets+ “governing body” with certain authorities and a nominating committee for the governing body for SPP board review
 - PLUS additional committee structures (participants committee, committee for states, other etc.)
- **Option #3:** Combination of Options #1 and #2
 - Robust autonomous Markets+ governance framework
 - PLUS Modifications to SPP Bylaws for SPP Board qualifications and Corporate Governance Committee composition
- **Other Options?**

*Autonomous governance framework options could leverage WRAP governance concepts and structures or create new structures/concepts

DISCUSSION

TRANSMISSION AVAILABILITY DESIGN TEAM UPDATE

STEVE JOHNSON, SPP

TRANSMISSION AVAILABILITY TEAM

STAKEHOLDER LEADS		
Joe Taylor	Manager, Transmission Access	Xcel Energy
Chris Hoffmann	Director Transmission & Generation Operations	Salt River Project
Mike Linn	Director, Market Analytics	Public Power Council

SPP Support Team	
Steve Johnson	Principal Operations Specialist
Hamilton Bitely	Senior Operations Analyst

TADT PRINCIPLES

- Maximize transmission available for market use (flow-based option preferred) and included in market unit commitment and dispatch solution (SCED, SCUC)
- Honor existing OATT rights
- Transmission service provider maintains planning and ATRR determination responsibilities
- Minimize cost shifts and free-ridership
- Make it simple, incent maximum participation
- Minimize/eliminate hurdle in market solution
- Maintain or improve system reliability

OPTIONS AND ISSUES BEING CONSIDERED

- Load-based transmission charge
 - Rate design
 - ATRR to recover
- Market based transmission charge
 - Rate design
 - Use determination
- MOD 29 to MOD 30 transition
- Incorporate base scheduling benefits

MARKET EFFICIENCY USE (MEU)

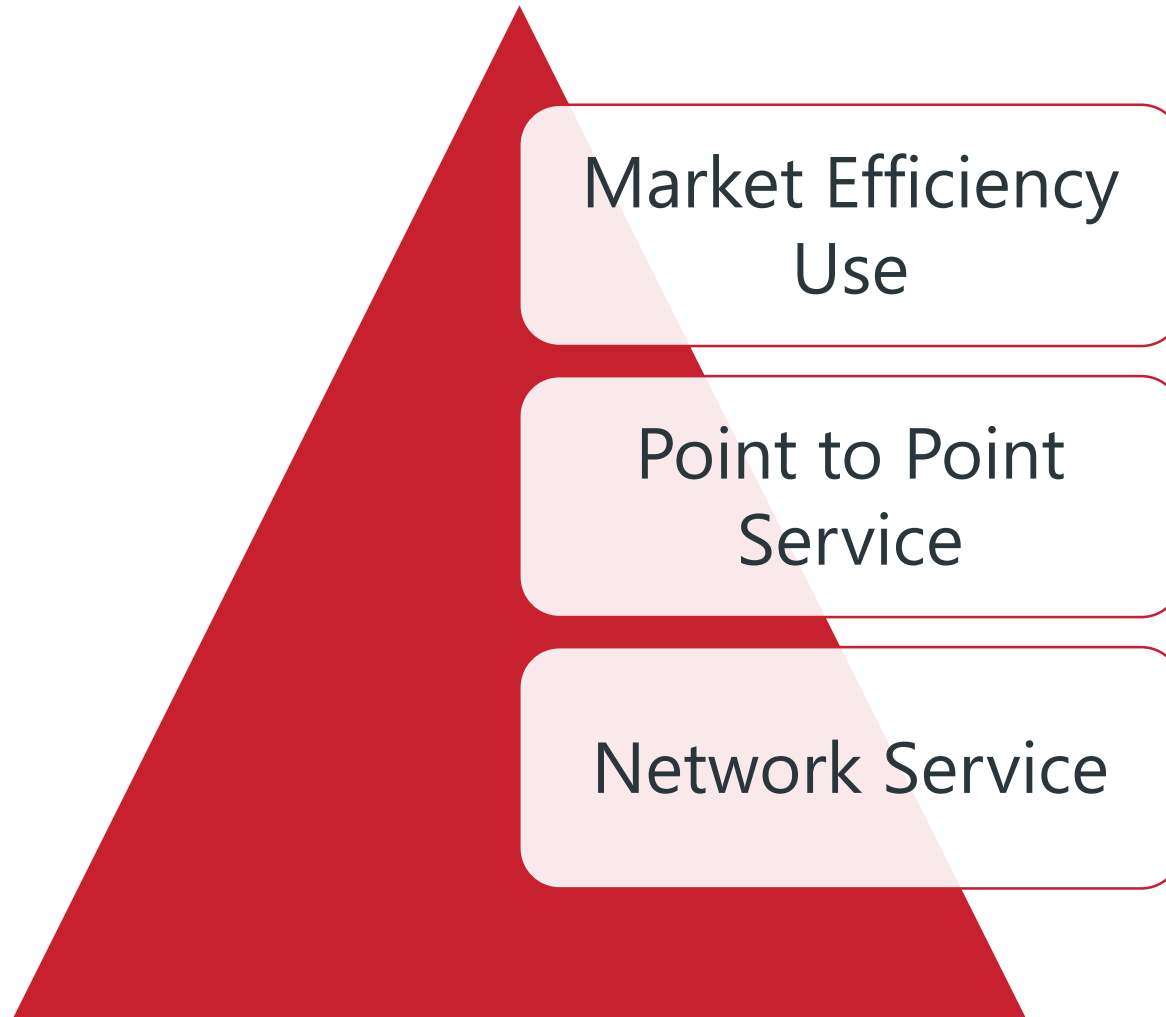
- Recognizes benefits of operating the market across the transmission system
- Only charged for market use above calculated network and P2P service use
- Funded out of Revenue Neutrality Uplift (RNU) – Cost is allocated to all market participants (all inputs, e.g. load, gen, import/export, etc.) to reflect market benefits of expanded market provided by Markets+ transmission use
- Decoupled from congestion hedging settlements

MEU USE (BASED UPON BACKING OUT TSR "USE")

$$\begin{aligned} \text{MEU Hourly Use} &= \sum \text{Total "Use" MW} \\ &\quad - \sum (\text{NITS "Use" MW}) \\ &\quad - \sum (\text{PTP "Use" MW}) \\ &\quad - \sum (\text{Other "Use", if any, MW}) \end{aligned}$$

Calculated on an hourly (average) basis

ATTRR RECOVERY



NEXT STEPS

- White Paper discussing options in more detail
 - Draft to consider at March 29&30 meeting
- Joint meeting with Market Design Team March 16th
 - Congestion Rents
 - Base Schedule Benefits



DISCUSSION

MARKET PRODUCTS/PRICE FORMATION DESIGN TEAM UPDATE

JIM GONZALEZ, SPP

MARKET PRODUCTS AND PRICE FORMATION DESIGN TEAM

STAKEHOLDER LEADS		
Jeff Spires	Director, Power	Powerex
Carrie Simpson	Director, Western Markets	Xcel Energy
Brian Cole	General Manager, Resource Management	Arizona Public Service
Russ Mantifel	Director of Market Initiatives	Bonneville Power Administration

SPP Support Team	
Jim Gonzalez	Manager, Real Time Markets
Gary Cate	Manager, Market Design

MARKET PRODUCTS AND PRICE FORMATION DESIGN TEAM

- Last Meeting 02/22/2022
 - Review Scope
 - Initial Consensus on high-level guiding principles
 - Establish baseline assumptions
 - Define list of topics to be explored
- Next Meeting 03/16/2022
 - Joint with Transmission Design Team

MARKET PRODUCTS AND PRICE FORMATION DESIGN TEAM

- Draft working document for team introduced
 - Guiding principles
 - Working assumptions
 - Topics for exploration
 - Market design components and features
- Tool to help participants catch up quickly between meetings
 - SPP staff adding content based on previous meeting
 - Working document, not final deliverable

DISCUSSION

REMAINING DESIGN ISSUES

CONGESTION RENT ALLOCATION

PEER-TO-PEER SEAMS

MARKET MONITOR AND OVERSIGHT

GREEN HOUSE GAS TRACKING

NEXT STEPS

BRUCE REW

Step 1

Seek interested parties
Information gathering



Step 2

Distribute gathered feedback
Develop timeline and next steps
Develop detailed service offering



Step 3

Conduct inclusive stakeholder process with committed parties



Step 4

Obtain Board approval
Seek FERC approval

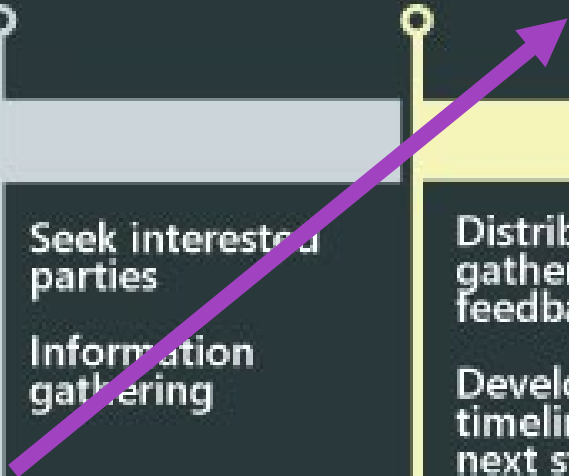


Step 5

Launch



We are here



QUESTIONS & DISCUSSION

FUTURE MEETINGS

- March 14: Governance Design Team
- March 16: Joint Meeting of the Market Products/Price Formation and the Transmission Availability Design Teams
- March 29-30: In-Person in Phoenix

General Sessions and Design Team Breakouts

PHOENIX MEETING DETAILS

- Desert Willow Conference Center
- Nearby Hotels:
 - Homewood Suites by Hilton
 - Courtyard Phoenix Airport
- Tuesday, March 29th: 8:00 am – 5:00 pm (Breakfast/Lunch Provided)
- Wednesday, March 30th: 8:00 am – Noon (Breakfast Provided)

Questions or comments?

Contact us at:

marketsplus@spp.org

sjohnson@spp.org

kfornstrom@spp.org



Southwest Power Pool
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