

# MARKETS



Governance Design Team  
Webinar

April 25, 2022



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



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# AGENDA

<b>Welcome</b>	Kara Fornstrom, SPP
<b>Review of Governance Options</b>	Kara Fornstrom, SPP
<b>Summary of Written Comments</b>	Lea Fisher, PGP David Rubin, NV Energy Joe Fina, Snohomish
<b>Pass the Mic</b>	Participants
<b>Questions/Discussion</b>	Stakeholder Leads
<b>Next Steps/Schedule</b>	Kara Fornstrom, SPP

# MARKETS+ GOVERNANCE OPTIONS

**2A**

**2B**

**Add 3?**

**SPP Independent Board**

**Markets+ Participants Executive Committee (MPEC) – Participant Based**

**Markets+ Working Group (M2WG) – Sector Based**

**Future Joint (with RTO) Work Groups**

**Markets+ State Committee**

**Markets+ Independent  
Governing Board**

**Nominating Committee  
(Sector Based)**

**SPP By-Laws Modification  
Board Qualifications?**

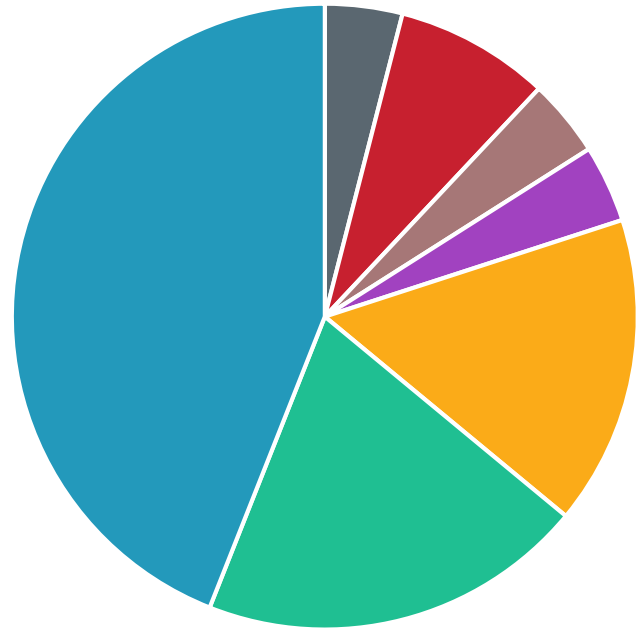
**SPP CGC  
Add Markets+ Seat?**

# WRITTEN COMMENT SUMMARY

# SURVEY RESPONDENTS

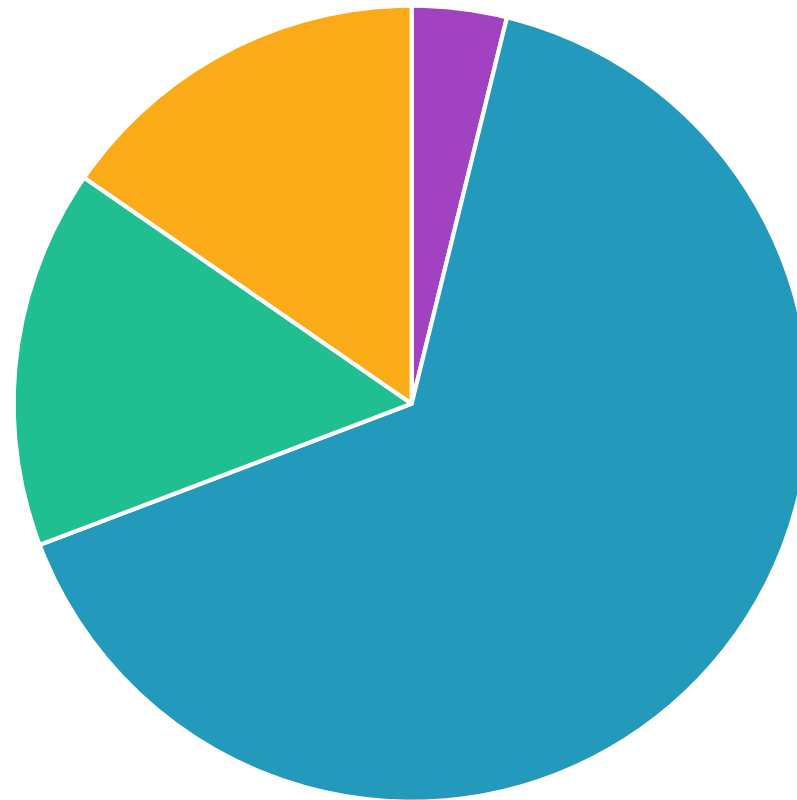
- Municipal Energy Agency of Nebraska
- Shell Energy North America
- NV Energy
- Interwest Energy Alliance
- Basin Electric Power Coop
- Idaho Power Company
- Western Power Trading Forum
- Powerex Corp.
- Arizona Public Service Company
- Public Service Company of Colorado
- Renewable Northwest
- Western Area Power Administration
- Bonneville Power Administration
- Chelan County Public Utility District
- Public Generating Pool
- Clean Energy Buyers Association
- Western Resource Advocates/Sustainable FERC
- NorthWestern Energy
- Salt River Project
- Northwest Requirements Utilities
- Tacoma Power
- Public Power Council
- Northwest & Intermountain Power Producers Coalition

# RESPONDENTS - SECTOR REPRESENTATION



- Other:
  - Competitive Marketer
  - Trade Association
  - Public Utility District
  - Public Power
  - Large Energy Customers

# PREFERRED GOVERNANCE OPTION



■ Option 2A only (3.85%) ■ Option 2A with 3 (65.39%) ■ Option 2B with 3 (23.08%) ■ Need more information (15.39%)

# PREFERRED GOVERNANCE OPTION

- Option 2A Only:

“Adding Option 3 appears to involve changes on the margins of SPP governance that are unlikely to fundamentally improve internal governance of Markets+ nor the relation of Markets+ to SPP at large.”



# PREFERRED GOVERNANCE OPTION

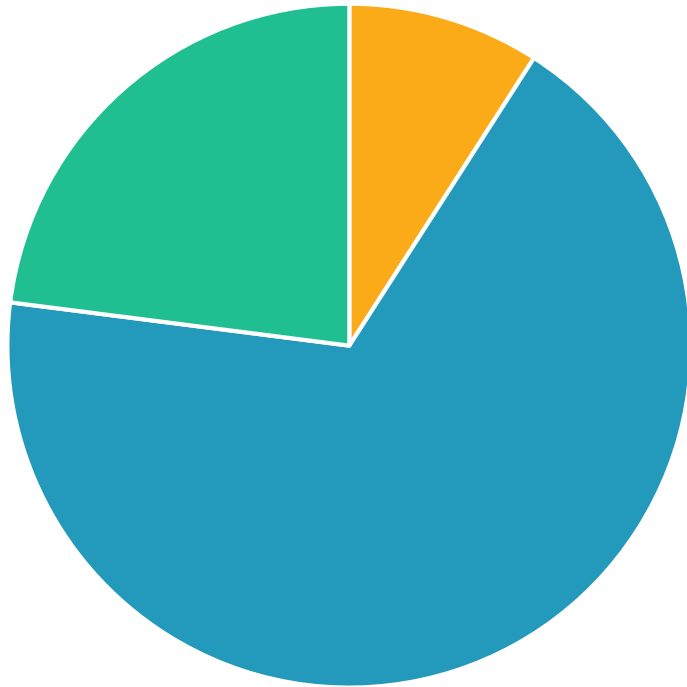
- Option 2A with 3:
  - Ensures independent, balanced approach
  - The importance of a Markets+ independent board is the ability to prioritize and give undivided attention to the nuances and practical implications of Markets+
  - Creates robust, autonomous governance structure
  - Inclusive and durable way to ensure fair and equitable outcomes for all participants and provides a higher chance of receiving FERC ap
  - Instills trust and confidence among participants
  - Strikes reasonable balance between ensuring the main decision-making body has requisite expertise & is free from bias
  - Necessary to encourage participation and achieve stakeholder support
  - At a minimum, SPP Board votes regarding Market+ matters should be open and on the record and depending on SPP's role in and level of oversight over Markets+, more substantial changes to SPP proper should be considered

# PREFERRED GOVERNANCE OPTION

- Option 2B with 3:
  - Market Participants should have ultimate authority over Markets+ and not be advisory only
  - WEIS governance framework is successful
  - Option 2A will add administrative cost
  - Some concern about the true “Autonomy” of a 2A Board, given its inability to direct the business if it is a sub-group of the SPP BOD
  - Adding a SPP Board member with experience in the western interconnection would increase the capability of the current SPP BOD and make it more capable of exercising oversight of Markets+. Also support adding a Markets+ representative to the SPP CGC

# GOVERNANCE OPTION 2A

## Voting structure



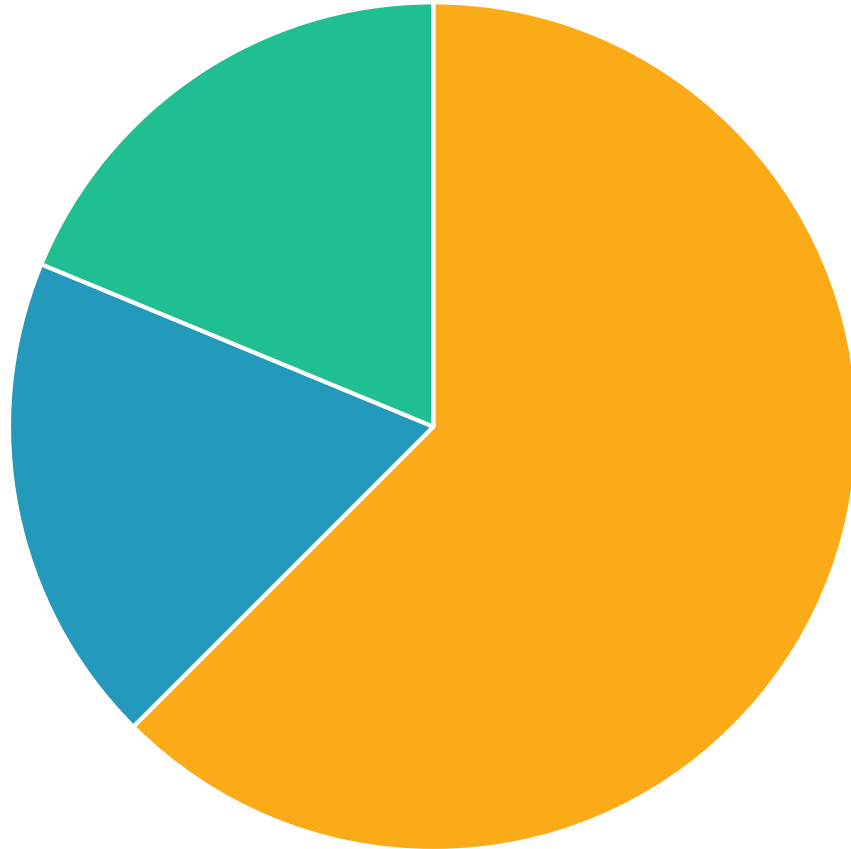
- One vote per entity (Senate) (9%)
- Load and one vote per entity (House/Senate) (68%)
- Other (23%)

## Executive Committee Makeup



- Market participants only (50%)
- Market participants and other stakeholders (50%)

# MARKETS+ GOVERNING BOARD - TERMS



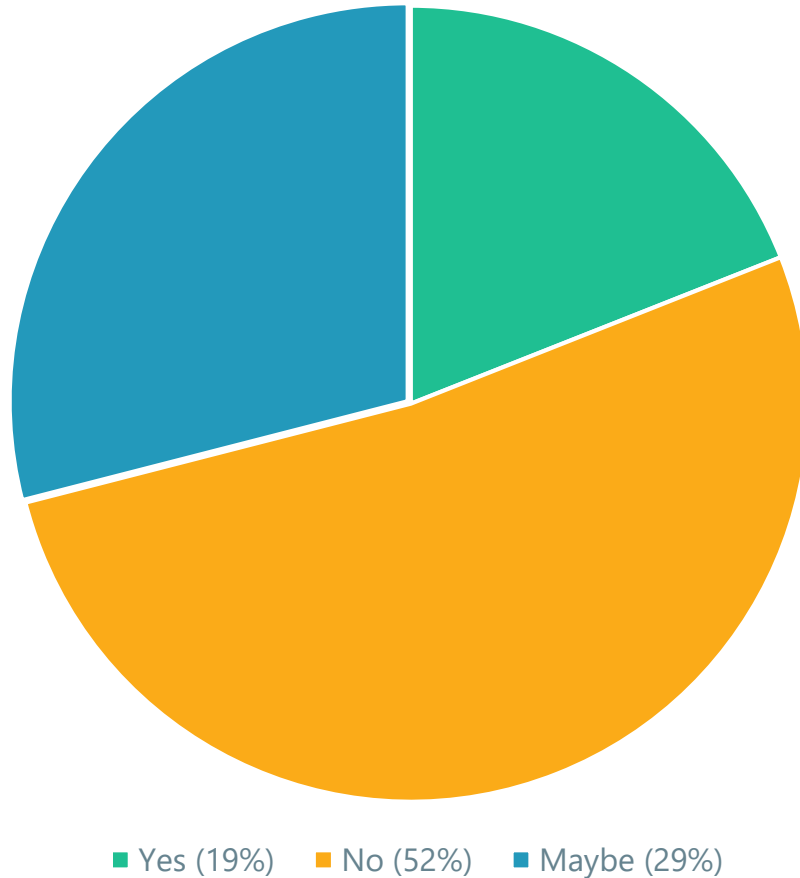
■ Three years (50%) ■ Four years (15%) ■ Other (15%)

- Other:
  - Staggering to start
  - One to five years
  - Limit to two terms
  - Minimum of four years

# MARKETS+ GOVERNING BOARD QUALIFICATIONS

- Experience in the Western Interconnection
- Market experience
- Recent/relevant senior management expertise/experience
- Financial independence; No conflicts of interest
- Diversity: individual, geographic, generation mix
- Regulatory/legal experience/expertise

# MARKETS+ GOVERNING BOARD – TRANSITIONAL?

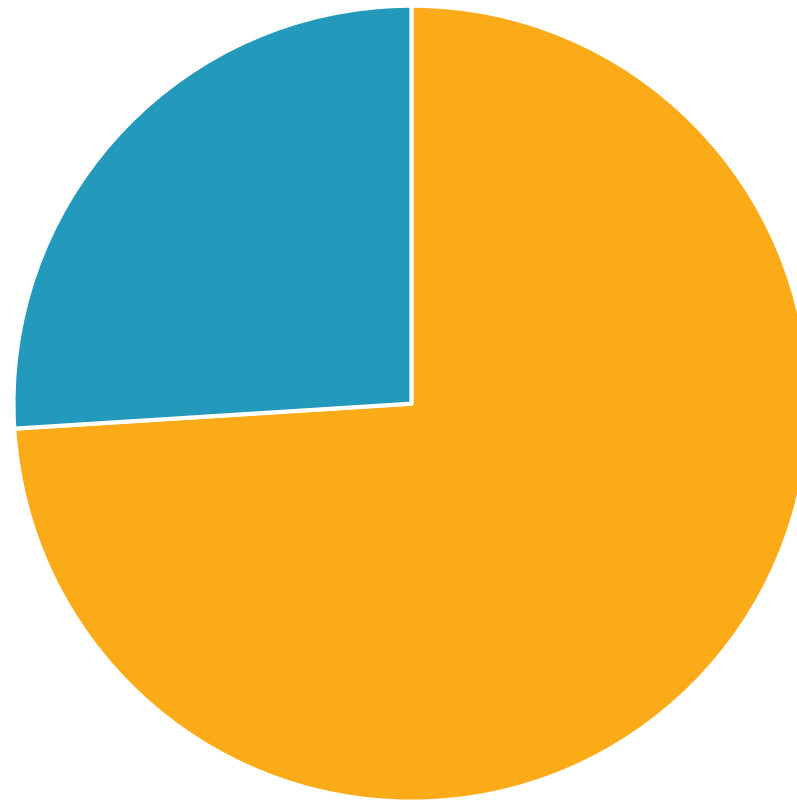


- Maybe:
  - Shouldn't be created with an already established phase out
  - Could be dissolved in future, depending on evolution
  - Support for re-evaluating the need

# MARKETS+ GOVERNING BOARD COMMENTS

- Really not necessary, but if it leads to better acceptance and trust, that would be the reason to exist.
- Recommend five members with staggered three-year terms, limited to two terms
- Need to understand how the M+ Board would interact with SPP staff
- The M+ Board role and authority have not been discussed, including type and scope of authority over market issues

# SPP BOARD OVERSIGHT – SUPPORTIVE OF “CONSENT AGENDA” CONCEPT?



■ Yes (74%) ■ No (26%)



# SPP BOARD OVERSIGHT

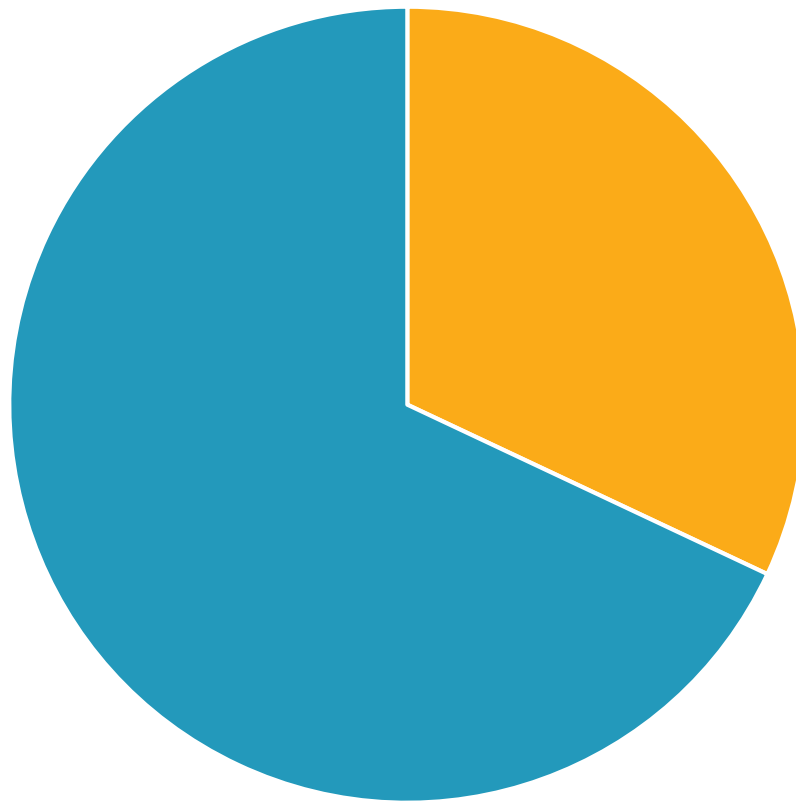
- Support the consent agenda concept ONLY under an Option 2A governance structure.
- Consent agenda concept could effectively give the Governing Board delegated authority over issues that uniquely apply to Markets+.
- If the Option 2B is selected, it should go to the consent agenda. If Option 2A is selected, then perhaps not having the automatic placement on consent agenda is OK.
- We view consent agenda as “deemed approved” in that proposals that come from the Markets+ Board go to FERC with a deemed approved stamp by the SPP Board.
- The consent agenda concept should be viewed as a mildly valuable procedural option to move noncontroversial matters more quickly through the SPP Board.
- More information is needed on what criteria would be used to determine if the SPP Board can remove a Markets+ Governing Board decision from the consent agenda to revisit it.

# CONSENT AGENDA CONCEPT – IF NO, WHY?

- Prefer “deemed approved” process
  - Provides more autonomy to the M+ Board
  - More efficient and timely
  - More appealing to potential participants and state regulators
- Prefer “deemed authority” over “delegated authority” model

# MARKETS+ GOVERNING BOARD NOMINATING COMMITTEE

Transparency of meetings

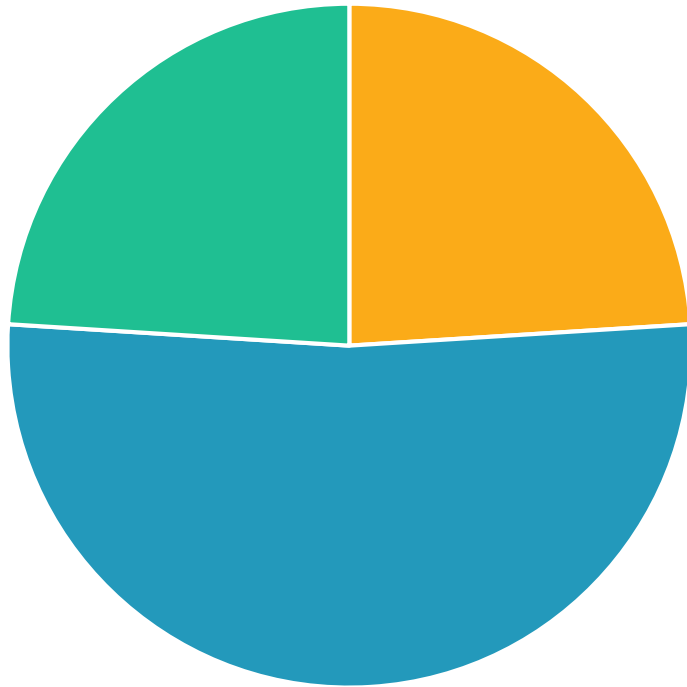


Publicly (32%) Privately (68%)

- Sectors to be Represented:
  - Independent Power Producer
  - State Regulator
  - Public Interest Organization
  - Cooperative
  - Municipal
  - Federal Agency
  - Investor Owned Utility
  - Competitive Marketers
  - Trade Groups

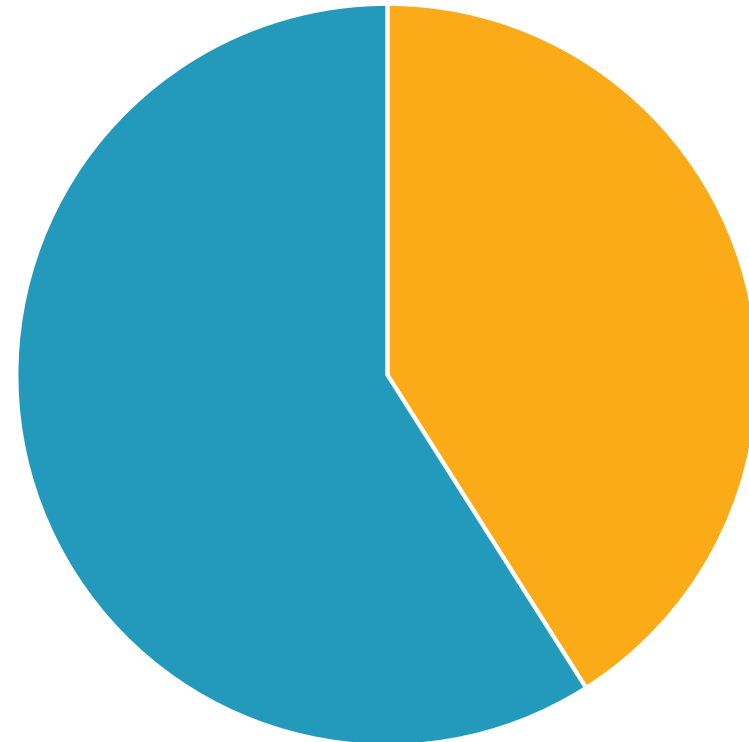
# GOVERNANCE OPTION 2B

## Voting structure



- One vote per entity (Senate) (24%)
- Load and one vote per entity (House/Senate) (52%)
- Other (24%)

## Executive Committee Makeup



- Market participants only (41%)
- Market participants and other stakeholders (59%)

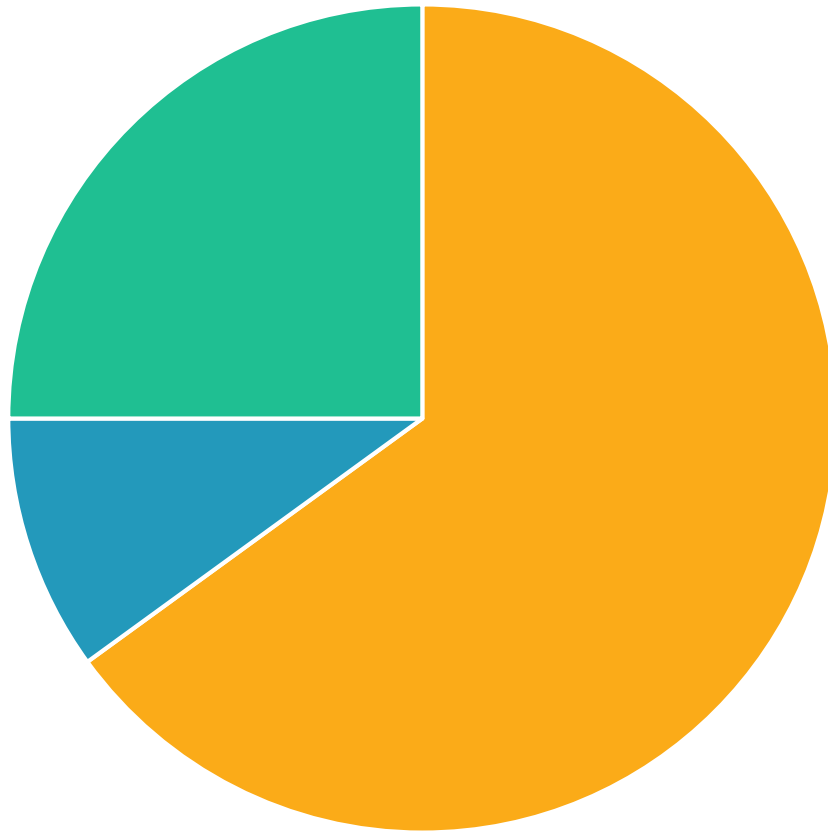
# OTHER GOVERNANCE OPTIONS TO CONSIDER

- Added cost and another layer of governance for 2A is unnecessary
- Customers of participants shouldn't bear costs of unnecessary governance
- House-style voting should not be based solely on "load"
- Assign a market expert to the M+ Independent Board
- Need to clarify participation rules, requirements & definitions
- Need to clarify interaction with WRAP
- Option 4: SPP as market operator (similar to WRAP)
- Exit provisions, how to ensure transparency in data sharing, and additional governance elements that may be implicated in Phase 2

# MARKET PARTICIPANT EXECUTIVE COMMITTEE

- Should be broad based and represent different interests
- Willing to consider some process by which an organization could pay a nominal fee to participate
- It may be appropriate for other sectors, including PIOs and consumer advocates, to be represented on the market participants committee
- Needs to be able to meet privately to address sensitive issues
- MPEC membership should be defined as anyone who transacts in the market
- Gatekeeper role, not be a gate that locks

# MARKETS+ WORKING GROUP VOTING STRUCTURE



- One vote per entity (Senate) (65%)
- Load and one vote per entity (House/Senate) (10%)
- Other (25%)

- Other:
  - One vote per Sector
  - Consensus should be Goal – Vote only as last resort
  - Mirror MPEC voting structure
  - More discussion is needed

# MARKETS+ PERMANENT WORKING GROUPS

- Resource adequacy
- Supply adequacy/sufficiency
- Market design – coordinate with SPP MOPC
- Seams/MMO coordination
- Transmission regional planning
- Governance review committee



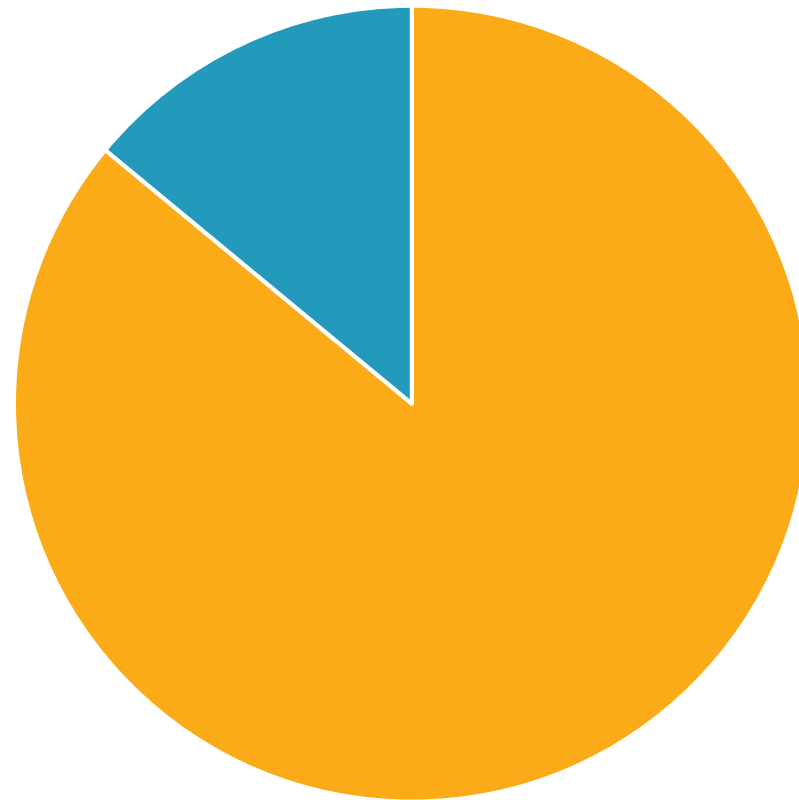
# MARKETS+ GOVERNANCE REVIEW - FREQUENCY



■ Every three years (35%) ■ Every five years (30%)  
■ Other (35%)

- Other:
  - Require super majority to modify
  - Automatic full review every five years unless there is a substantial change of circumstances
  - Transparent process

# FINANCIAL RESPONSIBILITY FOR MARKETS+



■ Market participants only (86%) ■ All stakeholders (14%)

# FINANCIAL RESPONSIBILITY FOR MARKETS+

- Depends on who has representation on MPEC
- If all Stakeholders want a voice, there should be cost sharing
- Market Participants who are financially participating in the market should be responsible to implement and operate M+
- Nominal fee for non-market participant stakeholders to participate in M+ processes may be appropriate, but should not create a barrier to effective participation

# MARKETS+ APPEAL PROCESS

- Emulate existing SPP processes to extent practicable
- Include adequate checks and balances to ensure all stakeholders have an opportunity to review and have input
- Dependent upon “consent agenda” or “deemed approved”
  - There should be a limited exception for SPP staff to appeal M+ Board decision to the SPP Board
- Any stakeholder can appeal an action or inaction
- Dispute resolution mechanism between M+ Board and SPP Board deserves further discussion

# PASS THE MIC

# QUESTIONS/DISCUSSION

# NEXT STEPS SCHEDULE

KARA FORNSTROM, SPP

# GDT FUTURE MEETINGS/SCHEDULE

- April 25: SPP Webinar: Governance Design Team
  - Provide Summary of Written Comments
- April 27: SPP Webinar: Development Update
  - Design Team Updates
  - Market Monitor Options
- May 13: WIEB Webinar: SPP Receives State Regulators Feedback
- May 23: SPP Webinar: Governance Design Team
  - Present Governance Concept Proposal
- June 1-2: In-Person Meeting - Denver



# 2022 MARKETS+ GOAL AND SCHEDULE

- Draft Service Offering – End of September
  - Written Comment Period
- Final Service Offering – Mid-November
  - Will Not Include: Market Protocols and Tariff Language
- Commitment to Investigate – Q1 2023
  - Financially Binding to Scope Implementation
- Stakeholder Process to Develop Market Protocols and Tariff Language
- Participant Agreement Execution – Fund Implementation

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