

MARKETS



GOVERNANCE DESIGN TEAM WEBINAR

SPP's Governance Straw Proposal

MAY 23, 2022



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keep the lights on today and in the future.*



SouthwestPowerPool



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TODAY'S AGENDA

Introduction	Kara Fornstrom, SPP
SPP's Governance Straw Proposal	Barbara Sugg, SPP Paul Suskie, SPP Mike Riley, SPP Kara Fornstrom, SPP
Questions/Discussion	Facilitated by SPP
Next Steps/Schedule	Kara Fornstrom, SPP

MARKETS+ GOVERNANCE STRAW PROPOSAL

STRAW PROPOSAL – BALANCING INTERESTS

- Include consensus views from meetings and written comment responses to the maximum extent possible
- What FERC will approve
- SPP best practices
- Minimize impacts to SPP, Inc.



GROUP CATEGORIES - DEFINITIONS

Markets+ Market Participant (MMP)

- Executed Participant Agreement
- Contributes generation and/or load to market

Markets+ Market Stakeholder (MMS)

- Executed Stakeholder Agreement
- Does not contribute generation or load
- Voting rights: MIP Selection Forum
 - Eligible for voting seat on MIP Nominating Committee, Working Groups & Task Forces
- Annual fee of \$5,000

Markets+ Non-Voting Stakeholder (MNVS)

- Provide input at all stakeholder meetings
- No voting rights
- No annual fee



PARTICIPATION PHASES – INCREMENTAL APPROACH

Phase 1: Funded Investigation

Supportive entities that want to design Markets+ market operations and draft governing documents (FERC submittal)

Commit a non-refundable amount

Phase 2: Implementation

Upon FERC approval, SPP acquires/modifies necessary software, hardware and related processes

Participating entities fully commit to fund efforts

Entities integrated into the system

SPP Board of Directors (SPP BOD)

- Ultimate oversight of SPP's administration of Markets+
- Will give significant recognition to Markets+ Independent Panel (MIP) decisions
- Shall review and consider (after Markets+ Stakeholder process):
 - Material agreements and material changes to agreements
 - Markets+ budgets, any debt obligations related to Markets+ or material changes to SPP staffing
 - Appeals from the MIP (per MIP provision discussed later)
 - MIP decisions that have a material impact
 - Financial ramifications or corporate risk to SPP
 - Review shall be coordinated with the MIP

Markets+ Independent Panel (MIP)

- Comprised of five persons
 - One is an SPP Independent Director, serves as MIP chair
 - Four are approved at MMP/MMS Selection Forum
- Recent and relevant senior level management expertise and experience: electric industry, markets, utility regulation
- Comply with SPP's standards of conduct
- Four year terms, no term limits
 - Initial terms will be staggering
- Simple majority voting (no secret ballot)

Markets+ Independent Panel (MIP)

- Highest level of Markets+ authority with SPP BOD oversight
- Actions taken will be filed with FERC, unless appealed
- Absent appeal, SPP staff is authorized to submit regulatory filings
- Appeals:
 - Any MIP member may request review of MIP action or inaction
 - Only members of the MIP can appeal to SPP BOD

MIP Nominating Committee

- Ten sector-based representatives (based on written comment responses):
 - MIP representative, who shall serve as chair
 - Independent power producers
 - Markets+ State Committee member
 - Public interest organizations
 - Cooperatives
 - Municipal utilities
 - Federal agency
 - Investor-owned utilities
 - Competitive marketers
 - Trade groups
- Election process mirrors SPP BOD process
- Approval: Each MMP and MMS votes at MIP Selection Forum

Markets+ Participants Executive Committee (MPEC)

- **Each MMP will appoint a representative**
 - Senior-level management employee
 - Financial decision-making authority
- **Authority:**
 - Make recommendations to the MIP:
 - Proposed amendments to the Markets+ tariff (including the Participant Agreement and the Stakeholder Agreement)
 - Markets+ market protocols to support filed tariff
 - Administrative rate charged to market participants
 - Establish Working Groups and Task Forces
- **Voting structure: House and Senate**
 - House voting structure to be developed

Working Groups and Task Forces

- MPEC may establish any Working Group or Task Force necessary to fulfill its mission
- Comprised of MMP and MMS representatives
 - MPEC chair appoints
- Simple majority voting

APPEALS TO THE MPEC

Any MMP or MMS who disagrees with an action taken or recommended by a Working Group or Task Force can appeal to the MPEC

Submit alternate recommendation

Within seven days of the Working Group or Task Force action or inaction

Markets+ State Committee (MSC)

- One Commissioner from the utility regulatory commission of each state a Markets+ Market Participant has load/gen
- Provide advice to the MIP and the MPEC on all matters, including initiative prioritization and policy issues
- MSC will determine meeting schedule and voting structure
- Funding – SPP facilitates MSC’s retention of independent staffing
 - MIP annually approves the MSC’s budget
 - MSC budget costs allocated to MMPs
- Data access

SPP STAFF INDEPENDENCE AND SUPPORT

Each Committee, Working Group or Task Force shall be assigned a SPP staff secretary

Non-voting, independent and impartial

Keep minutes of discussions, decisions and actions

SPP staff advises the MIP and MPEC of any budgetary impacts related to expected level of support

GOVERNANCE REVIEW

- Upon MPEC request
- No later than three years after Markets+ launch



SPP GOVERNING PROCESS (PLUS 3 OPTION)

Bylaws

- SPP currently undergoing a comprehensive, holistic Bylaw review
- Markets+ to name a Liaison to SPP's Adaptive Governance efforts

Corporate Governance Committee

- Markets+ to name a Liaison to CGC for purposes of nominating SPP Board members

Members Committee Straw Vote

- SPP will pursue modification to practice of Members Committee conducting a straw vote on Markets+ agenda items before SPP Board consideration

QUESTIONS/DISCUSSION

NEXT STEPS SCHEDULE

KARA FORNSTROM, SPP

GOVERNANCE DESIGN TEAM FUTURE MEETINGS

- June 1-2: In-Person Meeting – Denver
 - Workshop issues
- June 24: Governance Design Team Webinar
- July 22: Governance Design Team Webinar

*April 25th Webinar Slide Deck Updated and Posted

MARKETS+ DENVER MEETING AGENDA

Day One – June 1

- 7:30-8:30 Breakfast
- 8:30-9:30 GS–Design team updates
- 9:30-10:00 Break
- 10:00-11:00 GS – Market monitor panel
- 11:00-12:30 GS – Transmission topics
- 12:30-1:30 Lunch
- 1:30-3:00 Breakout sessions
- 3:00-3:30 Break
- 3:30-5:00 GS – Congestion rent alloc
- 5:00 Adjourn
- 5:30-6:30 Reception (Double Tree)

Day Two – June 2

- 7:00-8:00 Breakfast
- 8:00-9:00 GS – Governance
straw proposal review
- 9:00-10:00 GS – GHG tracking
- 10:00-10:30 Break
- 10:30-11:30 GS – Resource adequacy
- 11:30-12:00 GS – Closing presentation
- 12:00 Adjourn

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