

MARKETS



GOVERNANCE DESIGN TEAM WEBINAR

SPP's Governance Revised Straw Proposal

JUNE 24, 2022



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



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TODAY'S AGENDA

Introduction	Kara Fornstrom, SPP
Where We've Been	Kara Fornstrom, SPP
Where We Are Review of Revised Straw Proposal	Paul Suskie, SPP Kara Fornstrom, SPP Spencer Gray, NIPPC
Where We Are Going Request for Written Comment	Kara Fornstrom, SPP
Questions/Discussion	Facilitated by SPP
Next Steps/Schedule	Kara Fornstrom, SPP

WHERE WE'VE BEEN

GOVERNANCE DESIGN TEAM PUBLIC WEBINARS

- January 31 Operational Relationships
- February 14 Topic Scope and Governance Objectives
- February 28 SPP Board of Directors and Western Contract Services Governance Frameworks
- March 14 Governance Options Introduction
- March 29-30 Phoenix Meeting: Developed Matrices for Governance Options
- April 1 Issued Request for Written Comments

GOVERNANCE DESIGN TEAM ACTIVITY

- April 13 WIEB Webinar I – State Representatives
- April 20 Written Comments were Due
- April 25 SPP Webinar – Summary of Written Comments
- May 13 WIEB Webinar II – State Representatives
- May 23 SPP Webinar – Overview of Governance Straw Proposal; SPP Issued Governance Straw Proposal
- June 1-2 Denver Meeting: Panel Reactions/MPEC Voting

WHERE WE ARE

GOVERNANCE REVISED
STRAW PROPOSAL (DATED 6/24)

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.





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

REVISED STRAW PROPOSAL

- General Clean-up
- MIP - Section 3.2:
 - Clarification of Appeals Process to SPP Board
 - Edited Enumerated Purposes (1, 2 and 6)
- MPEC:
 - Section 3.3.1 - Clarification of relationship to the MIP
 - Section 3.3.1.1 - Clarify affiliate participation
 - Section 3.3.1.4 – Voting Provision Removed for further discussion of options (future slide)

REVISED STRAW PROPOSAL

- **MSC – Section 3.3.2.1:**
 - Changed “commissioner” to “representative”
 - Representative appointed by state utility commission
- **Standing Working Groups and Task Forces:**
 - Expanded process for selecting members
 - Received early feedback about standing working groups (i.e. Operations and Reliability Working Group)
- **Appeals to the MPEC and the MIP – Section 3.7:**
 - Any MMP or MMS may appeal WG/TF decisions to the MPEC
 - Any MMP or MMS may appeal MPEC decisions to the MIP

Markets+ Independent Panel Revisions to Section 3.2.1

- Clarified Appeal Process:

“Based on historic practice, upon review, should the SPP Board determine there is not sufficient consensus supporting the MIP’s decision, the SPP Board may remand the issue to the MIP and/or the appropriate Markets+ Working Group for further consideration.”

- Edited Enumerated Purposes: 1, 2 and 6 (Per State Comments)

SPP BOARD VOTING DATA & EXAMPLES

REVISION RESQUESTS & SPP BOD VOTES

REVISION REQUESTS & SPP BOARD VOTES

Since 2011, SPP has had 886 revision request (RRs) submitted to modify SPP documents to change how SPP operates various RTO functions. In this same period of time, the SPP board of director has voted only three times on a RR contrary to the Members Committee and/or Markets & Operations Policy Committee.

These 886 RRs make up only 0.3% of total revision requests.

SPP BOARD VOTES CONTRARY TO MOPC AND/OR MEMBERS COMMITTEE VOTES

RR	RR issue	Board RR action	Date	Groups supporting	Groups opposing	Outcome	Date
197	Tariff change on mitigated offers	Rejected & remanded back to stakeholders	Dec. 2014	MWG, ORWG, RTWG, MOPC & MC	Market monitor	After extensive efforts, FERC approved MMU proposal	FERC approved Oct. 2018
477	Zonal planning criteria process	Approved	Jan. 2022	TWG, ESWG, RTWG, SPC & MC	MOPC 63% vote	Pending FERC action	Pending
483	Cost allocation proposal for wind rich areas	Approved	Jan. 2022	CAWG, RTWG, SPC & <u>RSC</u>	MOPC 64% vote	Pending FERC action	Pending

PROCEDURAL AND NON-RR VOTES

2014 RCAR RELIABILITY METRICS

Issue

- SPP was determining benefits used in evaluating the RSC's highway/byway cost allocation methodology.

- After debating benefit metrics, the ESWG presented their recommendations to the MOPC in July 2014.

- MOPC agreed to *three* of the *five* metrics recommendations made by the ESWG. Though a majority agreed on remaining metrics, a supermajority consensus was not reached so the assumed benefit of mandated reliability projects and mitigation of transmission outage costs metrics were not approved.

Outcome

- In the July board meeting, the board approved all *five* metrics as recommended by the ESWG. The board-approved metrics have been used ever since.

2021 BUTLER-TIOGA 138KV

Issue

- SPP had a fairly new tariff provision dealing with restudy of competitive transmission upgrades. A question existed as to procedurally proceed per SPP's tariff.

- In January 2021, SPP staff recommended the SPP board approve the construction of a new 138kV line between the existing Butler substation and the existing Tioga substation in Kansas, and then proceed with restudying the project.

- The Members Committee voted with 6 in favor, 11 in opposition and 2 abstentions.

- The SPP board approved the recommendation.

Outcome

- Following SPP's tariff, the project was withdrawn after following a tariff restudy process.

Markets+ Participants Executive Committee Revisions

- Clarification of relationship to the MIP (Section 3.3.1)
- Clarified Affiliate Participation (Section 3.3.1.1)
- Removed Voting Structure (Section 3.3.1.4)
 - Options to Consider for Written Comment

MPEC VOTING OPTIONS TO CONSIDER

NIPPC Proposal: Three equally weighted sectors: (Unicameral)

- *Investor-owned utilities:* All Participants within this sector are “public utilities” under the Federal Power Act, are regulated by a state regulatory commission, and have a fiduciary responsibility to investors to earn a rate of return on ratebased assets.
- *Public power:* Participants in this sector would include publicly-owned utilities, electric cooperatives, power marketing administrations, and perhaps Powerex (as a subsidiary of BC Hydro – a Canadian Crown Corporation).
 - Given the significance of BPA, WAPA, and Powerex as wholesale marketers within the same sector as retail utilities, the sector may want to reserve a portion of the vote (for example, 30-50%) to those three entities or, alternatively, weight votes within the sector by load responsibility.
- *Independent:* Independent power producers, marketers, transmission developers, and end-users. This sector is purposefully a “catch-all” for Participants who aren’t utilities or publicly owned marketers. The presence of end-users within the sectors reflects uncertainty about the extent to which those entities will elect to become Participants while still reserving them a sector for purposes of MPEC voting.

Other Weighted Voting Option (Unicameral)

Upon execution of a Participants Agreement, a Participant shall be assigned to one of two Membership sectors for the sole purpose of voting on matters before the Markets+ Participants Executive Committee: Balancing Authority Participants (BAP) or Other Participants.

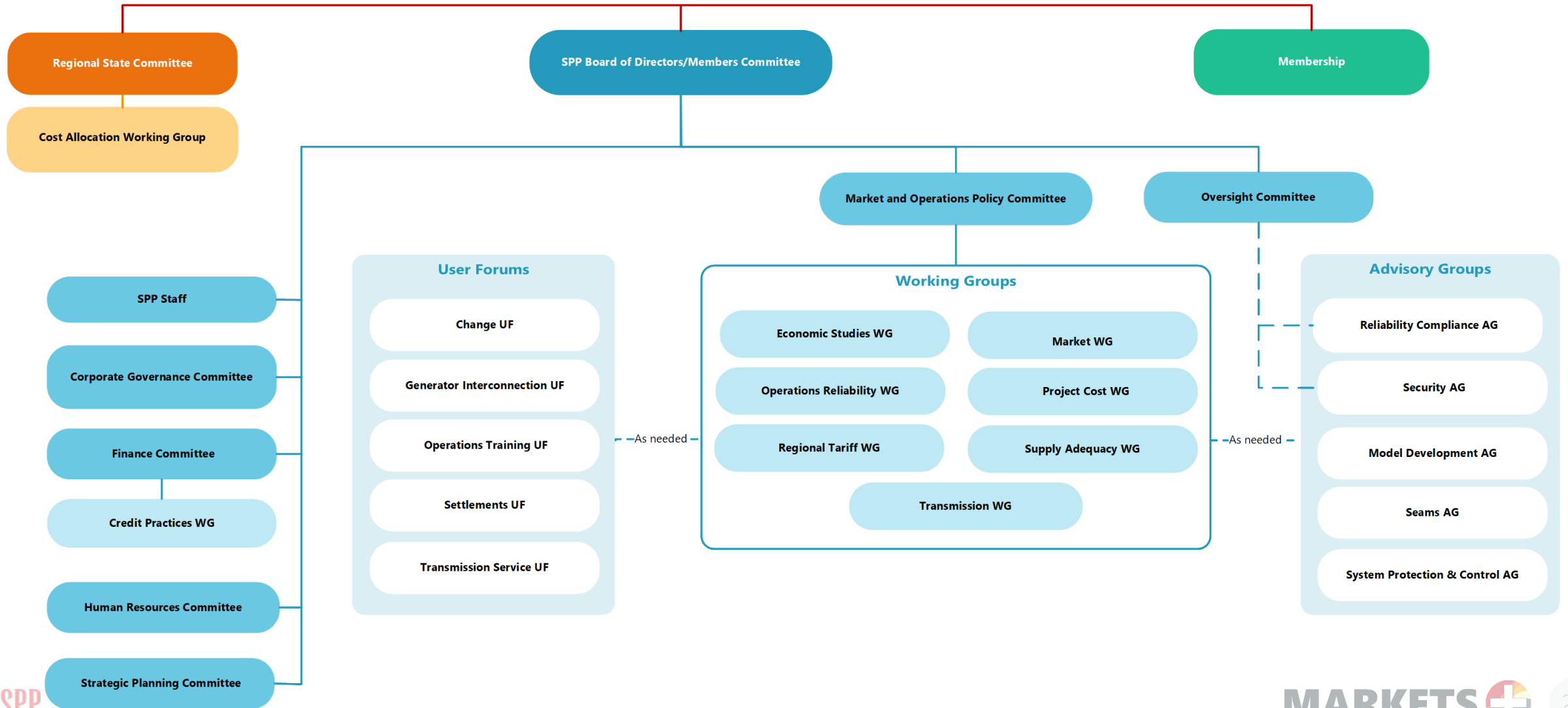
Each sector votes separately with the result for that sector being a percent of approving votes to the total number of Participants voting. The BAP sector represents 50% of the vote and the Other Participants sector represents 50% of the vote.

An action is approved if the average of these two percentages is at least 66%.

Standing Working Groups and Ad Hoc Task Forces Revisions

- Expanded Process for Selecting Members (Sections 3.4.1.1 and 3.4.2.1)
- Received early feedback about standing Working Groups (i.e. Operations and Reliability Working Group)

FACILITATION



Markets+ State Committee Revisions to Section 3.3.2.1

- Changed “commissioner” to “representative”:
 - “One representative from each state in which a Markets+ Market Participant has generation or load participating in the Markets+ market in that state, may participate as a member of the MSC.”
- Representative appointed by state utility commission:
 - “Each state representative will be appointed by the utility regulatory commission of that state.”

Appeal Process

Revisions to Section 3.7

- Any Markets+ Market Participant, Markets+ Market Stakeholder **or the MSC** may appeal any Working Group or Task Force Decision to the MPEC
 - Notify MPEC Staff Secretary within seven days
 - Submit alternative recommendation
- **Any Markets+ Market Participant, Markets+ Market Stakeholder or the MSC may appeal any MPEC decisions to the MIP.**
 - Notify MIP Staff Secretary within seven days
 - Submit alternative recommendation

QUESTIONS/DISCUSSION

WHERE WE ARE GOING

REQUEST FOR WRITTEN COMMENT

COMMENTS DUE JULY 15

NEXT STEPS SCHEDULE

GOVERNANCE DESIGN TEAM SCHEDULE

- July 15: Written Comments Due
- July 22: Governance Design Team Webinar
 - SPP to summarize written comments
- August 9-10 In Person Meeting – Portland
 - Workshop Format
- August 17 Portland Summary Webinar

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