



1000 Center St.

Little Rock, AR 72201

**Southwest Power Pool
REGIONAL STATE COMMITTEE
October 11, 2007
Teleconference**

• M I N U T E S •

Administrative Items:

Members in attendance or represented by proxy were:

Julie Parsley, Public Utility Commission of Texas
Jeff Davis, Missouri Public Service Commission
Mike Moffet, Kansas Corporation Commission

Others in attendance:

Patrick Clarey, FERC
John Rogers, FERC
Sam Loudenslager, Arkansas Public Service Commission
Tom DeBaun, Kansas Corporation Commission
Jason Gray, Kansas Corporation Commission
Larry Holloway, Kansas Corporation Commission
Walter Wolf, Stone, Pigman, Walther, Wittman, LLC
Adrienne Brandt, Public Utility Commission of Texas
Sarah Willard
Mike Proctor, Missouri Public Service Commission
Greg Meyer, Missouri Public Service Commission
Joyce Davidson, Oklahoma Corporation Commission
Bary Warren, Empire
David Kays, Oklahoma Gas and Electric
Philip Crissup, Oklahoma Gas and Electric
Raksha Krishna, EEI
Jason Atwood, Kelson Energy
Bernie Liu, Xcel Energy
Tom Payton, Oxy
Dennis Reed, Westar
Tom Stuchlik, Westar
Carl Monroe, Southwest Power Pool
Les Dillahunty, Southwest Power Pool
Cheryl Robertson, Southwest Power Pool

President Julie Parsley called the meeting to order at 12:05 p.m. President Parsley asked for introductions.

Business Meeting:

Dr. Mike Proctor provided a report from the Cost Allocation Working Group (CAWG) September meeting (CAWG Report – Attachment 1). Topics included were:

Empire District Electric Waiver

Dr. Proctor reported that the Empire District has submitted a waiver that would move the safe harbor level for upgrades required to deliver wind power as a designated resource from the current calculation of \$1.8

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M based on 10 MW of accredited capacity to \$18 M based on 100 MW of requested transmission service based on the maximum output from the wind turbines. He pointed out that waiver requests are not meant to set precedent but specifically for special circumstances. In this case however, the RSC may want to consider the request as precedent setting and reconsider the tariff rules regarding renewables. Empire District has asked for a 45 day extension for a response from SPP. This would fall approximately in mid February allowing time for the January SPP Board meeting.

Benefit Calculations

Dr. Proctor provided an update on the benefit calculations including the PROMOD model. He stated that the original plan was to have a complete portfolio of projects by the end of 2007 but that it was the consensus to not rush and in the end have a more accurate product. Dr. Proctor listed key uncertainties identified as:

- Renewable Portfolio Standards
- Timing, location and types of new generation
- Exports
- CO2 legislation
- Demand Response, Energy Efficiency and Legacy Programs
- Fuel Prices

A survey will be distributed next week concerning perspectives on the values for these uncertainties. It was requested that the RSC Board be included in the survey distribution.

With no further business, the meeting was adjourned.

Respectfully Submitted,

Les Dillahunty

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12:00 p.m. – 1:00 p.m. CDT

TELECONFERENCE MEETING

AGENDA

- 1. CALL TO ORDER**
- 2. DECLARATION OF A QUORUM**
- 3. BUSINESS MEETING**
 - a. CAWG update regarding economic transmission upgrade cost allocation approaches**
 - b. EDE Waiver**
 - c. Other**
- 4. ADJOURN**

Notice of Meeting of the Southwest Power Pool Regional State Committee

The Southwest Power Pool (SPP) Regional State Committee (RSC) will hold a public meeting at 10:00 a.m. CDT by teleconference on April 5, 2007. The business meeting will involve discussion and possible action as set forth in the attached Agenda. Members who are not able to attend in person should submit a proxy in accordance with the Bylaws.

Persons planning to attend the meeting should register online at: [Online Registration](#). You will receive dial-in information via email upon registration.

Summary of September CAWG Meeting

A. Benefit Calculations

1. PROMOD model will be benchmarked against actual data
 - Start with a summer month from 2006 and 2007
 - Also need to include a shoulder month from each year
 - Expect to take about 6 weeks
 - Update at October 2007 CAWG meeting
2. Screening of potential economic projects will be rerun using PROMOD.
 - Can be performed simultaneously with benchmarking
3. Full modeling will be performed on portfolios of projects, not individual projects
 - Alternative portfolios will be compared w.r.t. B/C and regional balance
 - Alternative portfolios will be analyzed under alternative scenarios for key uncertainties
4. Discussion approving direction on benefit metrics related to adjusted production costs and allocations of external congestion cost revenues.
5. Discussion of key uncertainties – Les presented survey to be distributed concerning perspectives on the values for these uncertainties. This survey may help to determine the various scenarios to use for these inputs to the planning process. Discussion centered on to whom SPP should send the surveys.

B. Discussion of EDE waiver: Empire District Electric has submitted a waiver that would move the safe harbor level for upgrades required to deliver wind power as a designated resource from the current calculation of \$1.8 M based on 10 MW of accredited capacity to \$18 M based on 100 MW of requested transmission service based on the maximum output from the wind turbines.

1. The RSC will need to formulate a recommendation on this prior to the December SPP Board meeting, but this could be taken up as early as the October SPP Board meeting.
2. Discussion on the consistency between the 125% limit and the safe harbor limit of \$180,000/MW both being based on accredited capacity. The purpose was to keep the focus on reliability upgrades by limiting upgrades for purposes of primarily improving energy costs.
3. With a subsequent change in perspective related to renewables, it might be the time for the RSC to reconsider the prior policy.
4. The CAWG determined that there are two relevant decisions for the RSC
 - 1) Approve/Deny EDE's waiver request – immediate issue
 - 2) Reconsider the tariff rules regarding renewables – to apply a change consistently on a going forward basis.