

MARKETS



Development Update

November 16



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SouthwestPowerPool



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TODAY'S AGENDA – DRAFT SERVICE OFFERING

Market Monitoring

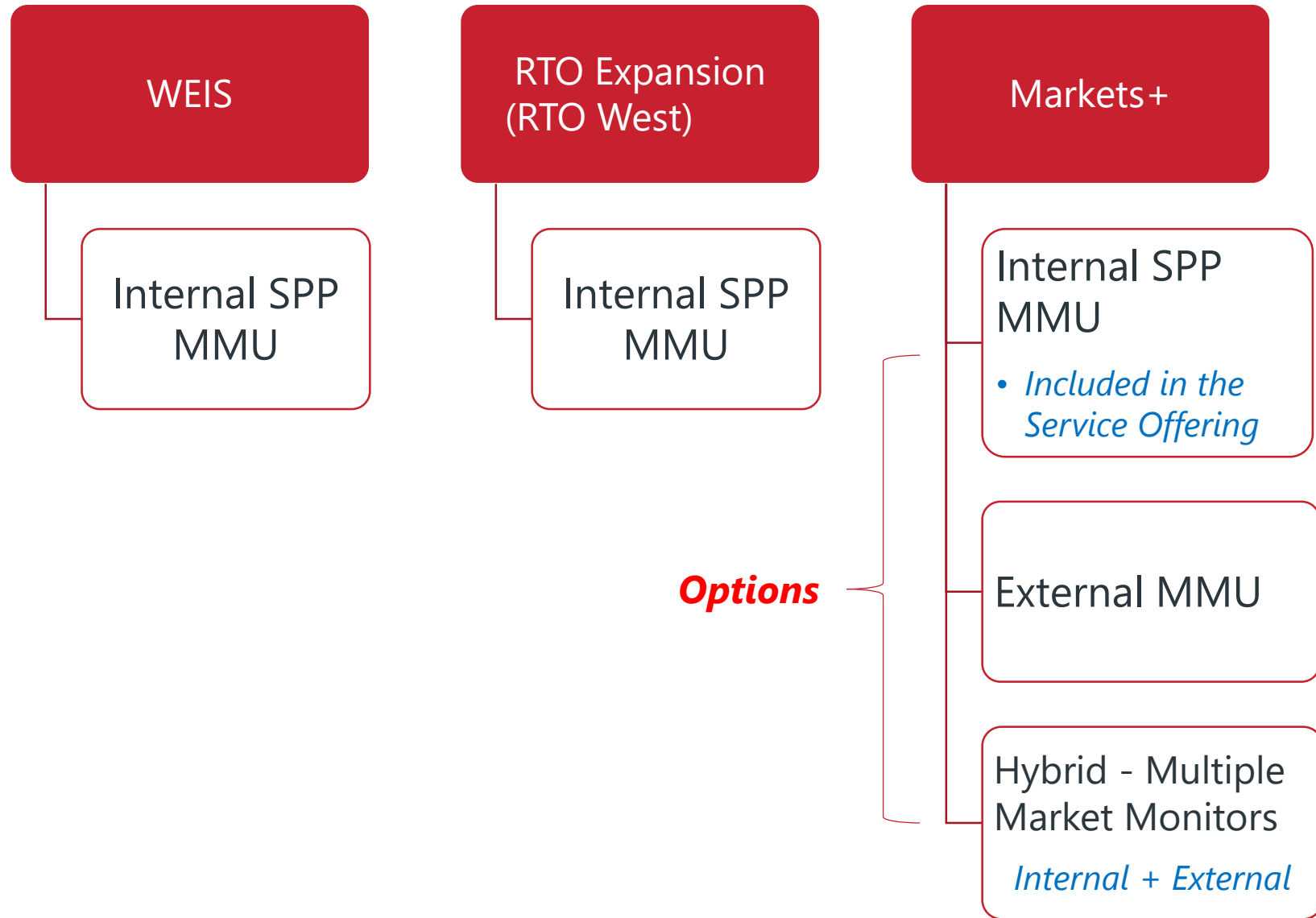
Resource Adequacy and WRAP Interoperability

Next Steps and Implementation

MARKET MONITOR

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MARKET MONITORING



QUESTIONS/DISCUSSION

RESOURCE ADEQUACY AND WRAP INTEROPERABILITY

LARGE SET OF COMMENTS SUPPORTING M+ PROPOSAL

- Common Resource Adequacy Program as prerequisite for Market+ participation
 - Ensures reliability of footprint and equity between participants
 - No separate, binding Resource Sufficiency Test
- Next Steps: Joint Taskforce established early in Phase 1 to determine WRAP and Market+ interactions

ADDITIONAL DISCUSSION AS THE TWO PROGRAMS WORK TOGETHER

- **Respect WRAP:** Markets+ should not interfere with WRAP governance or reduce WRAP benefits of non-Markets+ WRAP participants (look for solutions that support both)
- **Markets+ RA requirement:** all market participants meet the same RA standard based on WRAP requirements
- Considerations for implementing an “equivalent standard” for non-WRAP members:
 - Calculating an equivalent RA requirement for non-WRAP members
 - Applying diversity benefits between non-WRAP members
 - Developing process for forward showing by non-WRAP members
 - Developing equivalent failure consequences for non-WRAP members

STAKEHOLDER THOUGHTS ON POTENTIAL CHANGE?

- Given the additional complexity and efforts to develop and operate an equivalent standard option, are there sufficient benefits to pursue this approach?
 - Would mandatory WRAP membership be a more straightforward requirement for Markets+?
 - Does this concept strand participants from Markets+?
 - What does WRAP participation with no connectivity to rest of WRAP look like?
- Potential change: require participation in WPP WRAP, pending FERC approval, as prerequisite to Markets+ participation
 - No equivalent standard option

IMPLEMENTATION AND NEXT STEPS

NEXT STEPS FOR MARKETS+

- Final service offering – late November
 - Will not include: market protocols and tariff language
- Phase 1 commitment timeline
 - Financially binding phase to draft protocols and tariff language
 - December 2022-March 2023 engage supporting entities
 - Contracts executed by April 1, 2023

PHASE 1 OVERVIEW

- Q1 2023
 - Funding parties execute funding agreements by April 2023
 - \$9.7 million
 - Approximately 21 month process
- Q2 2023
 - Establish key features of Markets+ governance
 - Explore opportunity to add Energy Imbalance Market phase of Markets+
- Target June 2024
 - Implement Energy Imbalance Market phase of Markets+

PHASE 2: IMPLEMENTATION COST ESTIMATE

- Implementation assumptions
 - 50 GW system (SPP's RTO system peak is ~55 GW)
 - Up to 30 balancing authority areas
 - Up to 90 market participants
 - 3-year effort for implementation

PHASE 2: IMPLEMENTATION COST ESTIMATE

- Implementation cost (total one-time cost)
 - Approximately \$130 million +/- 25%
 - **Note:** SPP's day-2 implementation cost was \$115 million *excluding* SPP staff labor costs in the 2011-2014 timeline.
- Annual administrative fee for participation (Run Rate)
 - Approximately \$60 million +/- 25%
 - Using potential NEL for estimation, the rate is approximately \$0.19/MWh +/- 25%
 - **Note:** SPP's full RTO administrative rate for 2022 is \$0.43/MWh

MARKETS+ AND RTO WEST

- RTO expansion to West
 - Seven parties are expected to make a decision for RTO West participation by March 2023.
- Compatibility with Markets+ and RTO West
 - SPP staff is exploring opportunities to minimize cost impacts for entities who choose to transition from Markets+ to RTO membership.

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