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SPP's Stakeholder Report: May 2022

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**FROM THE
DESK OF...**

*a quarterly note from
SPP's officer team*

Barbara Sugg, President and CEO of SPP

The first quarter of 2022 was full of milestones: we brought staff back to the office, set new records, welcomed new members, kicked off new ventures in the West and held our quarterly meetings in person (with hybrid accommodations for remote participants) after a two-year hiatus.

SPP launched our hybrid workplace in March. Our employees, especially the 101 people who joined SPP during the pandemic, have enjoyed connecting and collaborating in-person. We're continuing to evaluate how we attract, engage, support and retain employees. Our goal is to remain a competitive employer and one of the best places to work in our industry, which requires that we remain flexible as human resources paradigms evolve quickly around us.

This quarter, two new studies confirmed SPP provides significant value to our stakeholders. Members receive \$5.24 in benefits and [savings](#) for every \$1.00 they invest through transmission planning processes. When combined with operations and reliability, markets and other services, our members [saved](#) \$2.7 billion in 2021: a benefit-to-cost ratio of 18:1. This reaffirms the value of our strategic SCRIPT implementation, Joint Transmission Interconnection Queue and Future Grid Strategy efforts.

Your transmission investments enhanced our ability to tap into the most economic resources across our region, reduced the impact of price spikes and led to new renewable [records](#). Our market uses the lowest-cost generation available at any point in time – rain, wind or shine – to reliably meet regional demand.

Our region's renewable resources are one reason we welcomed the [American Clean Power Association](#) as our 110th member this quarter. SPP's value and diverse generation mix are why dozens of Western utilities are also considering SPP's services. At our first in-person [Markets+](#) meeting, Western groups experienced the SPP difference: our relationship-driven approach, staff's expertise and stakeholder's ownership of policy.

You all know this difference from experience. Many of you have told me how much you enjoyed the return of in-person meetings for both MOPC and our Board and Members Committee. As good as our virtual meetings were, these in-person events elevated the level of discussion and reinvigorated relationships.

I look forward to achieving new levels of success with you. Our [2021 Annual Report](#) depicts how much we accomplished last year. If you bring the same energy and creativity I saw at this quarter's meetings, we are well on our way to achieving our common strategy and leading our industry to a brighter future.

[Meeting Materials: April 26 Board Meeting](#)

MARKETS & OPERATIONS

*responsibly & economically
keeping the lights on*

SPP's Integrated Marketplace is operating efficiently with 289 participants and high system availability. The marketplace set several new operational peaks during the quarter with new records of 22,915 MW of wind, 88.5% wind penetration, 23,802 MW of renewables and 90.2% renewable penetration. Wind (42.7%), coal (33.6%) and gas (14.8%) supplied 91% of real-time generation for the quarter. Weekly load for the quarter trended above 2020 and 2021 levels when excluding the February 2021 winter storm event. Monthly average market prices for Q1 2022 were between \$28.21 and \$32.58 per MWh, their lowest levels since May 2021.

MOPC

*progress through the
power of relationships*

The **Markets and Operations Policy Committee (MOPC)** [met](#) in person in Dallas, Texas, April 11 and 12. The group approved nine revision

requests (RR) and remanded RR451 to the Market Working Group and Operating Reliability Working Group for further discussion. The group rejected a recommendation for HITT M1; SPP's board later created an action item to address the issue.

MOPC approved waivers of the ITP Manual requirements to allow for a 2022 ITP reliability-only assessment and to build and assess the market powerflow models during the 2022 ITP reliability-only assessment. They approved revisions to the 2022 ITP Scope to allow for a reliability-only assessment, approved a modified 2022 20-Year Assessment scope, approved the Comprehensive Roadmap, and endorsed the 2022 SPP Transmission Expansion Plan report.

MOPC's next [meeting](#) will be held July 11 and 12 in Denver, Colorado

*To get involved in SPP's stakeholder-driven process,
find meeting registration, contact information and materials
at the stakeholder group links below:*

**[MOPC](#) | [DSC](#) | [ESWG](#) | [ESRSC](#) | [MWG](#) | [ORWG](#) | [2222](#)
[PCWG](#) | [RARTF](#) | [RTWG](#) | [SAWG](#) | [TOSPTF](#) | [TWG](#)**

The logo for "SEAMLESS BOUNDARIES" features the text in white, bold, uppercase letters inside an orange circle.

*Neighbors, seams, transfers
and Western services*

SPP Markets+

Western Energy Services

SPP's [Western Reliability Coordination](#) (RC) and [Western Energy Imbalance Service \(WEIS\) market](#) are going strong. SPP is actively working with our members, stakeholders and western utilities to develop a regional transmission organization (RTO) expansion in the Western Interconnection.

With the addition of Colorado Springs Utilities and Platte River Power Authority to the group exploring RTO membership, SPP is working with the Brattle Group to conduct a new study of benefits that includes the additional parties. SPP has also extended its solution development process for DC tie transmission revenue requirement and congestion rent allocation.

SPP Markets+

SPP met in person March 21-22 in Phoenix, Arizona, with western utility leaders interested in developing SPP's conceptual [Markets+](#) service. SPP will provide a [Markets+ Development](#) update webinar May 25: [register on SPP.org](#). Four teams of stakeholders and SPP staff (listed below) are designing the scope and structures of Markets+. Participation is open to any interested stakeholder.

- Markets+ [Governance](#) Design Team
- Markets+ [Market Products and Price Formation](#) Design Team
- Markets+ [Transmission Availability](#) Design Team
- Markets+ [Greenhouse Gas](#) Design Team

[ECCWG](#) | [New Member](#) | [QOO](#)
[WMEC](#) | [WMWG](#) | [WREC](#) | [WRWG](#)

**STRATEGIC
INITIATIVES**

*leading our industry to a brighter future
& delivering the best energy value*

Strategic & Creative Re-Engineering of Integrated Planning Team (SCRIPT)

SPP's Consolidated Planning Process Task Force (CPPTF) continued education sessions related to nine SCRIPT recommendations to develop a consolidated planning process. The CPPTF will [meet](#) in Dallas June 2-3 to begin brainstorming solutions to implement the new process.

Additional SCRIPT recommendations are being coordinated by SPP's Project Management Office and [Comprehensive Roadmap](#) and prioritization processes. All recommendations are expected to be addressed by 2024.

Holistic Integrated Tariff Team ([HITT](#))

MOPC rejected a recommendation for HITT M1 to keep the current congestion hedging market design. SPP's board assigned staff an action item to begin a multi-step process to facilitate a resolution by year-end, seek proposals from stakeholders for resolving the congestion hedging issue in coordination with the CAWG and RSC. The board asked staff to provide a status update the July board meeting.

On April 29, FERC issued an [order](#) accepting SPP's revisions to Attachment AQ, related to HITT T3-1, to modify the delivery point assessment process. These revisions have an effective date of June 1, 2022. One revision to address recommendation HITT T3 (implement new load attachment modifications) is anticipated to be considered in October 2022

SPP has completed 21 of the 26 HITT [recommendations](#). SPP is working to combine two recommendations — R2 (implement ERS/ORS compensation model) and R3c (market enhancements: multi-day, longer-term) — with related [recommendations](#) from the 2021 Winter Storm Review. The Deliverability Steering Committee is creating timelines for completion of C1 (decouple Schedule 9 & 11 pricing zones) and T1 (NRIS modifications: long-term deliverability) completion.

**LEADERSHIP
& STEWARDSHIP**

*Updates on SPP's board,
leadership, finance & value*

Governance, Leadership

SPP's Board and Members Committee met in person for the first time in more than two years April 25 and 26 in Dallas, Texas. The parties approved the nominations of Arash Ghodsian, EDF Renewables as chair for the Generator Interconnection User Forum and Mark Ahlstrom, NextEra Energy Resources, as chair for the Future Grid Strategy Advisory Group. The group discussed and approved a Project Cost Working Group recommendation for the Multi-Sheldon Monolith 115 kV cost increase and RR465-generator interconnection self-funding. Several other items, including reports, studies, withdrawals, the 2021 audit and 2022 benefit plan funding, were [approved](#) by consent agenda.

The board [approved](#) an industry expert panel recommendation for NextEra Energy Transmission Southwest's \$55 million bid to build the Minco-Pleasant Valley-Draper transmission project, with Transource Oklahoma as the alternate builder. This was the fourth project evaluated through SPP's competitive transmission owner selection process, created under FERC Order 1000.

[BOD/MC](#) | [CGC](#) | [Finance](#) | [HRC](#) | [Oversight](#) | [SPC](#) | [RSC](#)

Regulatory Oversight

The [Regional State Committee \(RSC\)](#) met in person April 25, in Dallas, Texas. The committee approved a recommendation on HITT M1 to keep the current market construct, while recommending that SPP staff, stakeholders and the Cost Allocation Working Group (CAWG) continue to assess alternatives. The committee approved changes to its bylaws to clarify RSC membership. The RSC directed the CAWG to review RR465 (generator interconnection self-funding) for cost impact to retail customers. The committee will meet [virtually](#) in July and [in-person](#) in Little Rock in October.

Stewardship and Value

At the April board meeting, SPP approved the final, audited gross revenue requirement for 2021 of \$178.1 million, compared to a budget of \$177.3 million. The projected final net revenue requirement (NRR) was \$149.0 million, the lowest NRR in more than five years.

SPP's new [2021 Value of Transmission](#) study was endorsed by the Strategic Planning Committee at its April meeting. The study examined \$3.4 billion of new transmission projects our members placed in service between 2015 and 2019. The report found these projects provide considerable dividends to our region, strengthening reliability and resulting in more than \$27.2 billion in savings and benefits over the next 40 years: a benefit-cost ratio of 5.24 to 1. SPP also published its [2021 Member Value Statement](#) in April. The total savings and benefits achieved by SPP's members in 2021 was \$2.696 billion, compared to \$149.0 million in net revenue requirement costs, a benefit-to-cost ratio of 18-to-1.

Have questions? Contact [SPP Communications](#)

Southwest Power Pool: working together to responsibly and economically keep the lights on today and in the future.