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SPP's Stakeholder Report: August 2022

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**FROM THE
DESK OF...**

*a quarterly note from
SPP's officer team*

Barbara Sugg, President and CEO of SPP

Over the past few months, SPP has navigated unexplored peaks and reached new heights. In July, SPP experienced six new all-time energy demand records, with the current peak being 53,243 MW, a 4.3% increase from 2021. Four of six months in 2022 have set all-time highs for total demand while five of those same months resulted in all-time highs for generation. SPP's strength comes from its diversity. Our diverse generation mix, combined with more than 25 GW of new generation interconnected over the last five years, is why we were able to meet these challenges without interrupting service or issuing public conservation appeals.

While we tackled these operational challenges in real time, we were also looking ahead to address future challenges. The Markets and Operations Policy Committee (MOPC) met in-person in Denver in July. We engaged in passionate discussion on important issues. This energy carried over to our Regional State Committee and Board of Directors and Members Committee meetings where we took decisive action to raise our planning reserve margin from 12% to 15% and redefine how we accredit generation based on historical performance: critical choices that will strengthen our reliability.

There's a saying that unanimity is when everyone agrees, but consensus is when no one disagrees. We had different opinions on our path forward but strong agreement on our ultimate destination. The spirited debate among all parties resulted in decisions that will ensure a stronger SPP as we chart the course we will travel together.

The collaboration among our diverse members working together is precisely what sets SPP apart. And our membership continues to grow. We now have 113 members with the additions of People’s Electric, United Power and the Natural Resources Defense Council. This quarter, I saw one particular element of SPP’s value proposition on full display and that is our commitment to achieve collaboratively and engage passionately. Doing the right thing for our region is never simple, but we can and will continue to work together to keep the lights on for the millions of people who depend on us.

MARKETS & OPERATIONS

*responsibly & economically
keeping the lights on*

Sustained high temperatures across the region led to six new coincident peak load records in July, culminating with a 53,243 MW peak on July 19. SPP depended on a diverse energy mix to meet demand throughout the quarter: for Q2 2022 the top contributors to real-time generation mix were wind (41.8%), coal (30.9%), gas (17.5%), nuclear (6.2%) and hydro (3.3%).

The monthly average market price of energy continued to climb, with prices in June averaging \$65.42/MWh and the average price for the quarter (\$53.12) more than double the average price of energy in Q2 2021 (\$25.94). While congestion had some impact, the primary drivers of the increase were record energy demand combined with a global increase in gas prices.

MOPC

*progress through the
power of relationships*

The **Markets and Operations Policy Committee (MOPC)** [met](#) in person in Denver, Colorado on July 11 and 12. The committee approved 20 items with a 91% average consensus. There was lengthy discussion on the planning reserve margin increase, a timeline for performance based accreditation, and the Crossroads 345 kV transmission project in Texas and New Mexico. The Regional State Committee and Board of Directors took final action on these items at their July meeting.

MOPC will meet [Aug. 5, 2022](#), for an ad hoc teleconference to address RR502-Opportunity cost revisions addressing coal transportation issues.

MOPC's next regular quarterly meeting will be held virtually Oct. 10-11 via WebEx.

*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" in white capital letters on an orange circular background.

*Neighbors, seams, transfers
and Western services*

SPP Markets+

SPP staff hosted a [Markets+](#) in-person development session June 1-2 in Denver, Colorado. Stakeholders discussed market monitor options, congestion management, greenhouse gas tracking, resource adequacy and the governance straw proposal. SPP held a webinar July 6 to update stakeholders on the progress of each design team.

SPP has shared a draft of the Markets+ Market Design and Transmission Availability design document. The continuously evolving content was developed during design team meetings. Stakeholders will have the opportunity to provide comments when the draft service offering is released Sept. 30.

SPP is hosting another in-person development update Aug. 8-10 in Portland, Oregon. There will be a [Markets+ Development](#) update webinar August 17 to review progress that was made at the Portland meeting: [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

STRATEGIC INITIATIVES

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

Consolidated Planning Process Task Force (CPPTF)

The CPPTF held multiple meetings during the quarter, including a two-day in person meeting in Dallas, as they wrapped up education sessions, finalized development paths for SCRIPT recommendations and approved guidance for other working groups to develop and implement SCRIPT C3 – Common Base Model Set.

At its July meeting, the CPPTF discussed its strategy to develop the process options for cost contributions under a consolidated planning assessment. The CPPTF will meet by WebEx, [Aug. 17](#) and Sept. 23, and in person Oct. 26 in Little Rock.

Future Grid Strategy Advisory Group (FGSAG)

The FGSAG met multiple times to hear from industry experts on important research to develop the energy grid of the future. The group is divided into four sub-teams (Consumer Trends, Policy Implications, Resource Impacts and Transmission Possibilities) to further analyze the strengths, weaknesses, opportunities and threats that will impact the grid for SPP stakeholders. These teams are developing white papers to detail their analysis and recommendations.

The FGSAG will meet [August 9](#) to hear an update from sub-teams. White papers will be reviewed at the FGSAG's September 28 meeting.

LEADERSHIP & STEWARDSHIP

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

Governance, Leadership & Oversight

The Regional State Committee (RSC) and Board and Members Committee held their business meetings and quarterly joint stakeholder briefing July 25 and 26. Much of the discussion focused on competing proposals to



increase SPP's Planning Reserve Margin, a timeline for performance based accreditation, and the Crossroads 345 kV transmission project.

The RSC and Board both approved staff's recommendation to increase the balancing authority's planning reserve margin (PRM) from 12% to 15% effective for the 2023 summer season, and approved new performance based accreditation methodologies in accordance with policy approved by the Supply Adequacy Working Group. The Board approved the results of the 2021 ITP further evaluation of the Crossroads-Phantom 345 kV double circuit project and issuance of a notice to construct for the Crossroads-Hobbs-Roadrunner double circuit 345 kV project.

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

Stewardship and Value

SPP is projecting a gross revenue requirement (GRR) of \$191.1 million compared to a GRR budget of \$192.2 million. Offsetting revenue is currently projected to result in a net revenue requirement of \$173.1 million. These estimates are annualized based on year-to-date data and are subject to change.

Have questions? Contact [SPP Communications](#)

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

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