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SPP's Stakeholder Report: November 2022

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**FROM THE
DESK OF...**

*a quarterly note from
SPP's officer team*

Lanny Nickell, Executive VP and COO

Thank you for helping us make meaningful progress in our shared goals as we approach the end of 2022. At our Board of Directors and Members Committee and Annual Meeting of Members this October, we were able to announce significant progress on several corporate priorities:

- SPP's **generator interconnection** (GI) queue backlog is in its best shape in years thanks to recent reforms. Thanks to the effort of our staff and improvements to our process, 78% of our GI backlog has completed or begun active study. We are nearing a resolution on cost allocation needed to initiate transmission upgrades identified in the SPP/MISO Joint Targeted Interconnection Queue study, which will further facilitate interconnection of new generation. We also believe improvements to the GI process recommended by **SCRIPT** should align well with future actions by FERC indicated by the rulemaking **proposal** they released this year.
- The **resilience of our grid** is in a good position to be stronger than ever. We are implementing solutions to the "after actions" identified during winter storm Uri, will have addressed 22 of 28 Holistic Integrated Tariff Team (HITT) initiatives by end of year, and over the past two quarters have tapped into the collective knowledge and decision making of our governance and stakeholder processes to strengthen our resource adequacy.
- The **organizational readiness** of SPP remains strong. SPP, like many of your organizations, has had to adapt to the new realities of the workplace and workforce while maintaining our commitment to

achieve our corporate goals. During this new era of work, we have maintained core services while onboarding 81 new employees, training 12 interns and improving our recruiting processes to ensure a strong stream of talent is prepared to serve you in the future.

I look forward to your continued passionate engagement between now and the end of December. I encourage you to stay engaged in our upcoming stakeholder meetings, to join one of our Roadmap Education sessions (Nov. 7 or Nov. 11), and to share your ideas with us as we continue to perform our collaborative work in 2023.

MARKETS & OPERATIONS

*responsibly & economically
keeping the lights on*

After an all-time peak record in July, temperatures and energy demand began to decline, with levels similar to, or even below, previous years, except for a spike the week of Sept. 16. SPP continues to improve forecasting, with forecast errors for load (1.46%) and wind (3.1%) slightly lower than Q3 2021. The top contributors to real-time generation mix were coal (38.5%), gas (27.3%), wind (26.0%), nuclear (4.8%) and hydro (3.1%).

SPP's 294 market participants continued to see higher energy prices in Q3, with monthly averages for July (\$75.36), August (\$85.80) and September (\$65.64) all significantly above averages in 2021 (\$37.68, \$38.60 and \$38.40). A decline in energy demand in the region may reduce prices in Q4, but global fuel prices will continue to have an impact on the market.

MOPC

*progress through the
power of relationships*

The **Markets and Operations Policy Committee (MOPC)** met virtually Oct. 10 and 11. The committee approved 22 items with a 96% average consensus, an increase in consensus of 5% from Q2. A significant portion of the discussion focused on competing proposals for planning reserve margin waivers, with MOPC ultimately supporting a plan approved by the SAWG. MOPC will meet again **Jan. 17, 2023**, in person, at the Hilton in Oklahoma City. Registration for the **meeting** and a link to book a **hotel room** for the event are both open.

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.

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](#)

A banner with an orange background. On the left, there is a dark orange circle containing the text 'SEAMLESS BOUNDARIES' in white. To the right of the circle, the text 'Neighbors, seams, transfers and Western services' is written in a light orange, italicized font.

**SEAMLESS
BOUNDARIES**

*Neighbors, seams, transfers
and Western services*

SPP Markets+

On Sept. 30, SPP published the draft **Markets+** service offering, the culmination of a joint effort between Western energy organizations to design a proposed governance structure, market design and other key features of Markets+.

SPP will host its next in-person development **meeting** Nov. 15 and 16 in Denver, Colorado, at the offices of Tri-State, where participants will discuss comments and potential changes to the service offering. The final Markets+ service offering will be released in mid-November.

*Learn more about SPP's **Western Services**. Find meeting registration, contact information and materials at the stakeholder group links below:*

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

A banner with a purple background. On the left, there is a dark purple circle containing the text 'STRATEGIC INITIATIVES' in white. To the right of the circle, the text 'leading our industry to a brighter future & delivering the best energy value' is written in a light purple, italicized font.

**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 over the last few months, including an in person meeting in Little Rock in October. The task force made significant progress on its framework for cost contribution for generator interconnection in a consolidated planning process.

The CPPTF will meet via WebEx, **Nov. 28** and **Dec. 15**. The group is currently seeking volunteers for a sub-team to help develop details and proposals for a CPP needs assessment for consideration by the CPPTF. If interested, please **email** the CPPTF chair and secretary.

Future Grid Strategy Advisory Group (FGSAG)

The FGSAG continues to research recommendations for SPP stakeholders regarding the grid of the future strategic opportunity. Currently, the group has reviewed white papers from each sub-team and is drafting a unified report for further analysis and discussion. This report and the resulting recommendations will be reviewed at its next **meeting** Dec. 8. The final report will be shared with the Strategic Planning Committee during its Q1 2023 meeting.

A blue graphic banner with a dark blue circle on the left containing the text "LEADERSHIP & STEWARDSHIP" in white. To the right, in a lighter blue area, is the text "Updates on SPP's board, leadership, finance & value" in a dark blue font.

**LEADERSHIP
& STEWARDSHIP**

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

Leadership & Oversight

The **Regional State Committee (RSC)** and **Board of Directors and Members Committee (BOD/MC)** held their business meetings, quarterly joint stakeholder briefing and SPP's Annual Meeting of Members (AMoM) Oct. 24 and 25. During the AMoM, 12 individuals were **elected** to represent their sectors on the Membership Committee. SPP welcomed FERC Chairman Rich Glick to the first in-person Board and Members Committee meeting in Little Rock since 2019. Chairman Glick recognized SPP's unique stakeholder and governance process, noting "I can see why that's attractive to others... especially in the West."

Both the RSC and the BOD/MC engaged in extensive discussion about competing planning reserve margin waiver proposals. The Regional State Committee approved a waiver proposal based on its Cost Allocation Working Group (CAWG) recommendation as adapted by the Market Monitoring Unit. The Board of Directors took no other action on waivers, including the MOPC-approved proposal, other than to recognize the RSC's approval of the CAWG recommendation.



SPP said goodbye to three RSC commissioners: Ted Thomas of Arkansas, Jeff Byrd of New Mexico and Dana Murphy of Oklahoma. We also bid adieu to board member Mark Crisson and longtime SPP Chief Financial Officer Tom Dunn, both of whom will finish their service to SPP by the end of 2022. Larry Altenbaumer will finish his term as chair, remaining on the board, and SPP's current Vice Chair, Susan Certoma, will take the reins in 2023. SPP **welcomed** two new board members: Steve Wright (effective immediately) and Ray Hepper (effective Jan. 1, 2023).

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

Adaptive Governance

As part of SPP's **[Aspire 2026](#)** Strategic Plan, "Adaptive Governance" was identified as an enabling capability. In August, SPP's Corporate Governance Committee (CGC) launched a comprehensive review of SPP's governance model, engaging Strategic Offsites Group (SOG), the same company that facilitated the development of the ASPIRE 2026 Strategic Plan.

Staff, the CGC and SOG worked to solicit input from a broad range of stakeholders, including both members and non-members, through surveys and interviews. This input is helping staff understand what works well and what can be improved upon to ensure SPP's success in 2026 and beyond. On Oct. 19 the CGC held an Adaptive Governance workshop using this information to evaluate potential opportunities for improvement and profile potential areas of enhancement. The CGC will meet Nov. 17 to continue this work and plan next steps.

Stewardship and Value

SPP is projecting a gross revenue requirement (GRR) of \$191 million compared to a GRR budget of \$192 million. Offsetting revenue is currently projected to result in a net revenue requirement of \$172 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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