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SPP's Stakeholder Report: February 2023

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**FROM THE
DESK OF...**

*a quarterly note from
SPP's officer team*

Barbara Sugg, SPP's President and CEO

As we reflect on last quarter's meetings, I want to share some updates and highlights with you. We made huge strides to improve resource adequacy in our region. Recent efforts of the Regional State Committee (RSC), Cost Allocation Working Group (CAWG), Markets and Operations Policy Committee (MOPC), Supply Adequacy Working Group (SAWG), Regional Tariff Working Group (RTWG) and Market Monitoring Unit (MMU) were critical to develop and approve new policies for a more reliable grid. We value our strong working relationships with our regulators, policymakers and market monitor.

We are investigating the impact of Winter Storm Elliott on our states, members and their end-use customers. We saw evidence of improvement since 2021's winter storm, but know we still have room to improve. I am grateful that SPP-directed load shedding was not necessary, although I recognize portions of our region experienced their own reliability challenges. We will continue implementing recommendations from 2021 and are analyzing additional improvement opportunities to address challenges of future extreme weather events. Thank you to those who have already provided feedback. We will continue seeking your input and report on our findings at upcoming meetings.

This quarter, we also made significant progress on cost allocation. We have been working with MISO to allocate costs of our landmark Joint Targeted Interconnection Queue (JTIQ) Study in a fair and appropriate manner. I am grateful for the CAWG's hard work, including the extra meetings. Our shared goals are to resolve the challenges we face with both SPP's and MISO's generator interconnection processes along the seam and to provide benefits to customers in both regions.

I am pleased to announce that FERC approved SPP's HITT C2 filing, which resolves the "wind rich region" challenges identified in 2018. This is a testament to our collaboration and hard work. We never take FERC approvals for granted,

but our chances of success are greatly increased by the level of cooperation and collaboration we put into our filings.

As we look forward to 2023, we are honored to continue working with our members and states to maintain our focus on resource adequacy and resilience. We appreciate your partnerships and I personally want to say thank you for your contributions to the success of our region.

Thanks,
Barbara.

A horizontal banner with a light orange background. On the left, there is a dark orange circle containing the text "MARKETS & OPERATIONS" in white, bold, sans-serif font. To the right of the circle, the text "responsibly & economically keeping the lights on" is written in a brown, serif font.

MARKETS & OPERATIONS

*responsibly & economically
keeping the lights on*

Winter Storm Elliott challenged the SPP region. On Dec. 22, 2022, SPP set a new historical maximum winter load of 47,157 MW, an 8.0% increase over the previous record set during Winter Storm Uri in 2021. While SPP did not need to direct load shed during the 2022 storm, operational challenges in areas like Southwest Missouri indicate a need for continuous improvements to address congestion and ensure resource adequacy. SPP staff are conducting a review of the 2021 and 2022 winter storms and will report on findings later this year.

Preliminary calculations for the top contributors to real-time generation mix in the final quarter of 2022 were wind (41.7%), coal (29.4%), gas (22.8%), nuclear (3.2%) and hydro (2.7%). The annual average market price of energy in 2022 was \$51.90 per MWh, down from \$56.70 in 2021.

A horizontal banner with a light green background. On the left, there is a dark green circle containing the text "MOPC" in white, bold, sans-serif font. To the right of the circle, the text "progress through the power of relationships" is written in a dark green, serif font.

MOPC

*progress through the
power of relationships*

The **Markets and Operations Policy Committee (MOPC)** met in-person for its quarterly meeting Jan. 17 and 18. MOPC also held a special meeting Jan. 27 to consider Revision Requests (RR) 536 and 537. Over the course of these meetings, the committee approved 14 items with a 99% average consensus.

In January MOPC approved a number of revisions to SPP's governing documents, including modifications related to the annual resource real-time availability report and remedial action scheme criteria. Revision Requests 536 and 537 provide a short-term, non-punitive alternative payment for resource adequacy deficiency and obligate excess capacity to the SPP region for the applicable season. These changes address stakeholder concerns over the Planning Reserve Margin increase from 12% to 15% percent. The group also approved the 2024 Integrated Transmission Plan scope, the Regional Cost Allocation Review III report, and the



2023 SPP Transmission Expansion Plan report. MOPC will meet again **April 10-11, 2023**, virtually, via WebEx webinar.

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 | MWG | ORWG | 2222
PCWG | RARTF | RTWG | SAWG | TOSPTF | TWG**



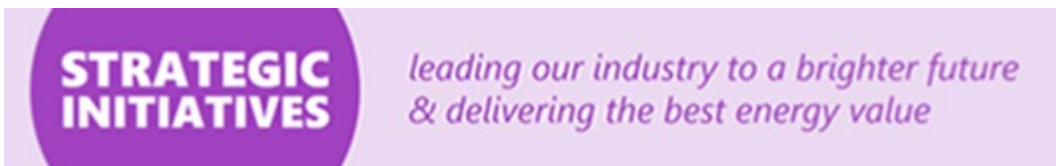
SPP Markets+

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**



Consolidated Planning Process Task Force (CPPTF)

The CPPTF held regular meetings over the last few months, and will hold an in-person meeting in Houston this month. A sub-team of CPPTF members, the Consolidated Needs Assessment Team (CNAT), is making progress on needs assessment design, including integrating Capacity Resource Interconnection Service. The task force is narrowing in on a framework for cost contribution by generator interconnection in a consolidated planning process.

The CPPTF will meet **Feb. 21-22** and **March 17**. If you are interested in joining the work of the CNAT, please **email** the CPPTF chair and secretary.

Future Grid Strategy Advisory Group (FGSAG)

The Future Grid Strategy Advisory Group (FGSAG) continues to finalize recommendations for SPP stakeholders regarding the grid of the future strategic opportunity. Currently, the group has reviewed the initial report and sought feedback from other committees and industry experts. The group reviewed the feedback received and finalized its recommendations at its **meeting** Feb. 2. The final report will be submitted to the Strategic Planning Committee in April.

A graphic banner with a blue background. On the left, there is a dark blue circle containing the text "LEADERSHIP & STEWARDSHIP" in white, bold, uppercase letters. To the right of the circle, the text "Updates on SPP's board, leadership, finance & value" is written in a light blue, italicized 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 and quarterly joint stakeholder briefing Jan. 30 and 31. At their joint meeting, the Board and RSC heard year-end reports and reviewed early findings of a review of operations during Winter Storm Elliott. The Board welcomed Susan Certoma as its new Chair and Elizabeth Moore as Vice Chair. Minutes from the meetings of the **Board** and the **RSC** can be found on spp.org.

BOD/MC | RSC | CAWG | CGC | Finance | HRC | Oversight | SPC

Adaptive Governance

SPP identified "Adaptive Governance" as an enabling capability in its **Aspire 2026** Strategic Plan. In August 2022, 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 have conducted six workshops to develop the capability, most recently meeting Feb. 16, 2023. SPP will continue to solicit feedback from stakeholders as potential changes to governance are considered.

Stewardship and Value

Preliminary results for 2022 showed that SPP ended the year with a gross revenue requirement (GRR) of \$189.9 million compared to a GRR budget of \$192.0 million.



Offsetting revenue is currently projected to result in a net revenue requirement of \$170.4 million.

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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201 Worthen Drive • Little Rock, AR 72223 • (501) 614-3200 • SPP.org