



Southwest Power Pool, Inc.
MARKETS & OPERATIONS POLICY COMMITTEE
Recommendation to the Board of Directors
December 11, 2007

Organizational Roster

The following members represent the Market Working Group:

- Richard Ross, AEP, Chairman
- Gene Anderson, OMPA
- Doug Base, WFEC
- Gary Clear, OG&E
- Jessica Collins, Xcel Energy
- Robert Janssen, Redbud Energy
- Patricia Denny, KCPL
- Rick McCord, EDE
- Tambra Offield, ETEC
- Tom Saitta, Aquila
- Brent Hebert, Calpine
- John Stephens, Springfield MO
- Grant Wilkerson, Westar
- Keith Sugg, AECC
- Emily Davis, SPP, Secretary

Background

On October 15, 2007 FERC rejected SPP's External Generation filing and directed SPP to file revised tariff language, within 60 days of the date of the order.

Analysis

The MWG and ORWG held several joint meetings to address the directives from FERC. FERC identified five main issues that needed to be reviewed as well as any additional issues raised by protestors. The two groups assessed the issues and have drafted two versions as the MWG was not able to come to a consensus. As stated in its report, the RTWG has reviewed both documents and finds both are tariff-compatible.

Attachment AO version A is the original language, in section j and m, submitted in the first filing and version B is language suggested by staff. The MWG is requesting the MOPC review section j and m in both versions of Attachment AO and move one forward for approval.

Recommendation

The ~~consensus of the MOPC is to recommend~~ the Board of Directors ~~approve~~ review the the Option A (pages 50-75) proposal and move to approve one version for filing with FERC.

Approved: Markets and Operations Policy Committee December 5, 2007
69.4% approval (OGE, Constellation, Golden Spread, Redbud, and OMPA voted NO)

Minority Opinions: There was a good discussion at the MOPC and the following represents a sample of the minority opinions included in those that voted NO and those that abstained. Of those that voted NO, the concerns were 1) version B encouraged more participation, use of reserves for non-firm transmission, additional costs of reserves if not in reserve sharing group, and too conservative limits on imports. A number of those that

abstained did not have a strong opinion or were not affected by the proposal. Also, one party (proxy for Lafayette and LEPS) who did not vote expressed that they would have voted NO and that their concerns were that 1) insufficient cost sharing and non-reserve sharing areas have more onerous conditions will not prompt external generation participation, 2) Boston Pacific has not reviewed, and 3) Option B “rejection” by the MOPC.

Action Requested: Approve the External Generation Recommendation.