

SOUTHWEST POWER POOL
Markets+ Congestion Rent Task Force MEETING

July 20, 2023
Virtual – Webex

SUMMARY OF MOTIONS AND ACTION ITEMS

MOTIONS:

Motion: Mike Linn (PPC) motioned to approve the meeting minutes. Sara Eaton (BPA) provided the second. The motion carried unanimously.

ACTION ITEMS:

Action item: MCRTF to participate in a straw poll survey sent out by SPP. August 4, 2023, is the due date for survey responses.

MINUTES

AGENDA ITEM 1 – CALL TO ORDER

MCRTF Chair Jeff Spires (Powerex) called the meeting to order at 10:40 Central Time.

AGENDA ITEMS 2A, 2B, 2C, 2D – ADMINISTRATIVE ITEMS

Statements: Notice of Recording & Anti-Trust Statement

Gentry Crowson (SPP) read the statement of recording and SPP's Anti-Trust statement aloud to members.

Attendance & Proxies

Gentry Crowson (SPP) read the proxy list for the meeting.

The following attendees had designated proxies for this meeting:

- Kacia Brockman proxy for Letha Tawney.

The following members were in attendance:

- Adam Cornelius Snohomish County PUD
- Alycia Kramer Basin Electric Power Cooperative
- Chris Green CalPeco
- Dan Williams The Energy Authority
- Darrin Robertson Salt River Project
- Dave Zvareck ACES
- Greg MacDonald Puget Sound Energy
- Henry Tilghman Tilghman Associates
- Jeff Spires Powerex Corp (Chair)
- Kiley Moore NV Energy
- Lisa Hickey Interwest Energy Alliance

- Mike Linn Public Power Council (Vice Chair)
- Rick Applegate Tacoma Power
- Sara Eaton Bonneville Power Administration
- Sibyl Geiselman Public Generating Pool
- Steve Szabyła Xcel Energy
- Kacia Brockman proxy for Letha Tawney
- Tyler Moore Arizona Public Service

Agenda Review

Jeff Spires (Powerex) gave a summary of the agenda for the meeting.

Minutes Approval

Gentry Crowson (SPP) covered the minutes from 06/29/2023 and asked for approval.

Motion: Mike Linn (PPC) motioned to approve the meeting minutes. Sara Eaton (BPA) provided the second. The motion carried unanimously.

AGENDA ITEM 2 – CONGESTION RENT ROAD MAP

Micha Bailey (SPP) mentioned that the Congestion Rent Road Map was posted in the background materials for this meeting.

AGENDA ITEM 3 – REAL-TIME CONGESTION RENTS UPDATE

Micha Bailey (SPP) covered how much DAMKT Congestion Rent was collected in the East over the past several years. He also discussed the values of the real-time congestion rent component of the Revenue Neutrality Uplift (RNU) over the past years in SPP's East Integrated Marketplace. Micha noted that the increase in the congestion values for 2021 and beyond was due to the proximity of existing generation to load, key transmission outages, and the volatility of fuel prices.

AGENDA ITEM 4 – ELIGIBILITY OF LONG AND SHORT-TERM RIGHTS

Micha Bailey (SPP) began discussing TSR Eligibility by stating what is lined out in the Service Offering. He noted that Congestion Rent Allocation is based on OATT transmission service reservations (TSRs), not schedules, and is based on prevailing flows only. He continued by

stating that Congestion Rent Allocation will only be considered on Firm TSRs that are one month or longer, covering an entire month's period, and submitted before the 15th of the prior operating month. Micha went into detail about a TSR owner redirecting after the transmission snapshot. He explained that after the snapshot is taken and verified, the CR allocation would be based on the direction of the original path and not the redirected path.

Agenda Item 4 B – Secondary Short-term Transmission Sales

Adam Cornelius (Snohomish County PUD) presented a different approach to TSR eligibility. He pointed out that at BPA, there is a large amount of TSR redirect and resale activity. The three recommendations that Adam presented included: 1) the Market Operator pulls TSR data from OASIS daily, 2) TSR eligibility for the allocation of congestion rent should transfer with resale, and 3) TSR eligibility should transfer with firm redirect to a different POR/POD. Several examples were covered as a part of the presentation. Adam concluded by listing the benefits of the recommended framework as improving MP's ability to hedge anticipated exposure to congestion and mitigating concerns raised in MTWG around the loss of secondary ST transmission resale revenue.

AGENDA ITEM 5 – ALLOCATION METHODOLOGY

Agenda Item 5 A – Dilution of Congestion Rents (skipped due to time constraints)

Agenda Item 5 B – MCRTF Small Team Update (skipped due to time constraints)

Agenda Item 5 C – Constraint Level CR Allocation

Jeff Spires (Powerex) presented on exploring a Constraint-Level Congestion Allocation. He stated that, effectively, the concept is similar to SPP's approach, except that a TSR's CR payoff-ratio is calculated for each constraint separately instead of zonally or market-wide. The approach includes mapping TSRs to Markets+ modeled constraint, summing the congestion rents across each binding constraint, and allocating the congestion rents collected to rightsholders with entitlements on that constraint for each binding constraint. Detailed examples were provided comparing the Congestion Rent Allocation with the market-wide ratio calculation and the constraint-level ratio calculation. In summary, Jeff Spires (Powerex) stated that constraint-level reconciliation could provide better alignment between congestion rent collected and the rightsholders on a given constraint, better incorporate derate impacts and more transparency about congestion rent outcomes.

AGENDA ITEM 6 – STRAW POLL VOTE AND COMMENTS DISCUSSION

Deni Golden (SPP) stated that SPP will send a key concept survey to the MCRTF exploder. SPP will provide the MCRTF with an overview of the results. Responses to the survey are due by

August 4, 2023. Deni spoke to the MCRTF work plan stating that to meet the tariff writing timeline, the next few meetings will include voting items.

Action item: MCRTF to participate in a straw poll survey sent out by SPP. August 4, 2023, is the due date for survey responses.

AGENDA ITEM 7 – EDUCATION SESSION DISCUSSION

Micha Bailey (SPP) spoke that SPP is still discussing the plan for how to move forward with the education session.

AGENDA ITEM 8 – WRITTEN REPORTS

Micha Bailey (SPP) mentioned that a draft tariff writing is posted in the meeting materials. The language provided in the materials is written according to the existing Service Offering language. SPP staff will modify the language based on the MCRTF votes in the next meetings.

AGENDA ITEM 9 – FUTURE MEETINGS

All meetings are from 10:30 Central Time – 2:30 Central Time

Monday, August 14th, 2023

Thursday, August 31st, 2023

Thursday, September 21st, 2023

Thursday, October 12th, 2023

Meeting Recording link:

<https://mysppmeeting.webex.com/mysppmeeting/ldr.php?RCID=dc45a56c8c87dcbe3426ac7e1b20c5c4>

Password: YgQsZM4F

Respectfully Submitted by Gentry Crowson, MCRTF Staff Secretary