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SPP's Stakeholder Report: May 2023

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FROM THE
DESK OF...

a quarterly note from
SPP's officer team

Barbara Sugg, SPP's President and CEO

When I look at what we have already accomplished in 2023, I am astounded. I was already proud of what we achieved last year, while delivering **\$3.78 billion** in savings and benefits: I encourage you to read our new **2022 Annual Report**. I'm glad to report we're on track for another historic year in 2023.

Operationally, we're getting stronger while taking on new challenges. We set records in March for wind and renewables. We completed a multi-year Energy Management System upgrade, seamlessly implementing the latest capabilities.

The Integrated Marketplace has operated efficiently, and residents of our region welcomed lower wholesale energy prices in the first quarter. Markets+ Phase 1 launched earlier than projected, fully-funded, with more than 30 participants. Our staff are excited to partner with Western utilities to deliver the kind of **value our WEIS** and IM participants already know SPP provides.

Under the guidance of our new Board chair, Susan Certoma, we are well on our way to meeting our 2023 Corporate Goals. SPP's is expanding in the West with the launch of Markets+ and a recent doubling in size of the WEIS. We remain on track to clear the entire GI queue – over 500 project requests representing 100 GW of studied generation – by the end of next year.

The **IRATF** and the newly-formed **REAL** team are addressing resource adequacy and renewable accreditation. SPP is implementing recommendations that came out of winter storms Uri and **Elliott**. In March, we welcomed our new CFO, Deb Sterzing, who is leading an effort to strengthen our enterprise risk management. On top of all this, SPP will also soon initiate efforts to reach much longer-term objectives: the **recommendations** of the Future Grid Strategy Advisory Group.

Our success depends on the talent, resilience and culture of the employees of SPP. We're a year into our hybrid workplace environment, and our teams are

functioning well, while welcoming a range of new employees, including some working fully remote. I'm proud of outpouring of support and care the SPP family has shown for those affected by the tornado that damaged a swath of our city on March 31. Our staff continuously embody the spirit of community service.

There's no place I'd rather be than working collaboratively with all of you to achieve our vision of leading our industry to a brighter future while delivering the best energy value.

Thank you,
Barbara.

MARKETS & OPERATIONS

*responsibly & economically
keeping the lights on*

Since the last quarter, the total number of market participants increased from 304 to 314. Despite three BAAL events exceeding 10 minutes during the first quarter, SPP has maintained NERC control performance standards to start the year, solved 99.3% of all real time balancing market intervals over the last 12 months and posted the day-ahead market on time 100% of the time during Q1 2023.

The top contributors to real-time generation mix in the Integrated Marketplace in the first quarter of 2023 were wind (43.9%), coal (26.6%), gas (20.3%), nuclear (6.3%) and hydro (2.6%). The monthly average market price of energy in Q1 2023 was \$24.33 per MWh, down from \$49.19 in Q4 2022, and lower than 2022's Q1 average of \$29.69. The decrease in prices was largely attributable to lower natural gas prices due to an unseasonably mild winter weather, which moderated heating demand and left gas storage facilities with more than adequate gas storage inventories.

MOPC

*progress through the
power of relationships*

The **Markets and Operations Policy Committee (MOPC)** met virtually for its quarterly meeting April 10 and 11. Over the course of the meeting, the committee approved 12 items with a 96% average consensus. MOPC remanded RR534 (Limit Long-Term Service to Interconnection Service Amount) to the TWG for further clarification based on specific concerns raised at the April MOPC meeting, with instructions to bring it back to MOPC in July 2023.

MOPC members discussed two items before voting. The first was a set of modifications proposed by the ESWG and TWG to include extreme winter weather analysis and the framework developed to analyze winter weather in the

2024 ITP Scope. That item passed with 80% approval. The ESWG and TWG also recommended changes to the 2024 ITP Scope to include an increase in projected renewables. This passed with 93% approval.

Staff provided informational presentations on SPP's implementation of HITT and Winter Storm Uri recommendations, new recommendations following Winter Storm Elliott, NERC winter weather standards, resource accreditation and adequacy, planning and interconnection, cost allocation, and SPP's roadmap of initiatives. MOPC will meet again **July 10-11, 2023**, in Omaha, Nebraska.

*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**

The logo consists of the words "SEAMLESS BOUNDARIES" in white, bold, uppercase letters, set against a dark orange circular background.

*Neighbors, seams, transfers
and Western services*

Western Energy Services

SPP's **Western Energy Imbalance Service (WEIS)** continues to operate with minimal challenges. A new report showed the WEIS provided \$31.7 million in net benefits to participants in 2022. With the April 1 addition to the market of Xcel Energy-Colorado (PSCo), Platte River Power Authority and Black Hills Colorado Electric, LLC, the WEIS more than doubled in size. SPP anticipates the benefits of the WEIS will grow significantly in the future. Dispatch of gas increased from 12% in Q4 2022 to 14% in Q1 2023, hydro increased from 14% to 16% and coal decreased from 63% to 58%. Wind usage (11% for both quarters) should significantly increase in Q2 with the addition of new participants.

In 2023, SPP's **Markets+** western energy market received its first **funding commitments**, announced details of its **governance model**, finalized its list of participants for **Phase 1** of market design development, and held the first governance **meeting** of Markets+ participant representatives.

The **Markets+ Participant Executive Committee (MPEC)** was formed during the Markets+ Phase One Update on April 18-19, 2023 in Westminster, Colorado. At the meeting, representatives approved the MPEC charter, modified Phase 1 voting policies, extended the Phase 1 deadline, endorsed the Phase 1 scope, approved the formation of eight committees and task forces and chairs for those groups. The MPEC elected Brian Cole (Arizona Public Service) as MPEC chair and Laura Trolese (The Energy Authority) as vice chair. Materials and details of

upcoming meetings of the Markets+ Independent Panel and the MPEC and its subcommittees can be found [here](#), and links to each Markets+ group are below.

[IMIP](#) | [MPEC](#) | [MDWG](#) | [MSWG](#) | [MTWG](#) | [MORWG](#)
[MGHGTF](#) | [MCRTF](#) | [MRATF](#) | [MRTF](#)

Learn more about SPP's [Western Services](#). Find meeting registration, contact information and materials at the additional stakeholder group links below:

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

STRATEGIC INITIATIVES

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

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. In Q1, the task force is approved a framework for cost contribution by generator interconnection, is designing that process and developing transition plans for all services to be consolidated. A [draft roadmap](#) for development and approval of the consolidate process was presented at the April meeting. The CPPTF will next meet in-person [May 23-24](#) in Denver, Colorado.

Future Grid Strategy Advisory Group (FGSAG)

The Future Grid Strategy Advisory Group (FGSAG) presented its final [report](#) for consideration by SPP's Board of Directors at their April meeting. The report explores how the electric grid will change over the next 10-15 years and makes recommendations to SPP and its membership to prepare for those changes.

The FGSAG identified trends and strategic pathways that could be disruptive and game changing for SPP and its members in the future and made recommendations in five categories: Energy Adequacy, Modeling and Planning; Grid Services, Market Design and Operations; Transmission; Demand-Side Resources; and Innovation and Collaboration.

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 April 24 and 25. The RSC approved the scope of the new Resource and Energy Adequacy Leadership (REAL) Team, and approved Effective Load Carrying Capability (ELCC) and Performance Based Accreditation (PBA) FERC Filings.

At their joint meeting, the Board and RSC heard an update on FERC activity, received the **results** of staff's review of SPP's performance during Winter Storm Elliott, received SPP's 2022 Member Value Statement, reviewed progress on implementation of HITT recommendations, and heard updates on performance of SPP's markets, operations and transmission planning functions.

SPP's Board approved changes to the scope of the Strategic Planning Committee, RR530, and other items. The Board also accepted the final reports of the Future Grid Strategy Advisory Group and the Winter Storm Elliott Review Team. 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. SPP's Corporate Governance Committee (CGC) has conducted ongoing workshops facilitated by Strategic Offsites Group (SOG) to further develop the capability. The next workshop is schedule for May 18, 2023. SPP will continue to solicit feedback from stakeholders as potential changes to governance are considered.

Stewardship and Value

SPP published its annual update of its **Member Value Statement** in April, quantifying the value the regional transmission organization (RTO) provides member organizations through services like reliability coordination, regional transmission planning, market administration and more. The analysis, based on a methodology SPP developed in partnership with its stakeholders, found that SPP provided \$3.787 billion in net savings to members in 2022. These benefits come at a 22-to-1 ratio when compared to the cost of membership in the SPP RTO. As a part of the 2022 update, SPP staff created a **worksheet** to help members estimate a portion of the unique value their organization receives from SPP.

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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