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SPP's Stakeholder Report: August 2023

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FROM THE
DESK OF...

a quarterly note from
SPP's officer team

Barbara Sugg, SPP's President and CEO

This quarter we saw our value proposition in operation as we *achieved collaboratively, engaged passionately and drove value beyond reliability*. While there were differing opinions on two significant issues — adding a winter resource adequacy requirement and improving congestion hedging — we received consensus to move forward on both. We worked these issues through numerous stakeholder groups, including the Supply Adequacy and Cost Allocation Working Groups, Markets & Operations Policy Committee, Improved Resource Availability Task Force, Resource Adequacy Leadership Team (REAL), Regional State Committee and Board of Directors/Members Committee.

I wish we could solve each member's issues with every decision we make, but ultimately we all work together for the good of the region. Thank you to the stakeholders who dedicated their time to these issues and the myriad other issues before us.

This spring and summer we've seen numerous [grid advisories](#) due to high loads, record-breaking heat, resource uncertainty, and a high number of outages. These advisories highlight how important it is for our region to work together toward our common goal of maintaining reliability during extreme weather and managing load and fuel mix changes. Ensuring resource and energy adequacy is a top corporate goal and primary focus across our stakeholder groups. This quarter the REAL prioritized its work plan and will bring numerous critical issues forward in the coming months.

While SPP groups have been busy meeting, grid operators across the region have had their heads down, intently focused on the keeping the lights on during this summer's challenging conditions. Thank you to each and every operator for their contribution to our region and communities.

Thank you,
Barbara.

MARKETS & OPERATIONS

*responsibly & economically
keeping the lights on*

In Q2 of 2023, SPP experienced three balancing authority area control error limit (BAAL) events lasting more than 10 minutes. This is the lowest number of BAAL events since Q1 2022. Nearly all operational systems retained availability above performance thresholds, except for the Real Time Balancing Market, which experienced 4 unplanned outages totaling 175 minutes over the course of May and June. Causes of outages were identified and addressed by staff.

The top contributors to real-time generation mix in the Integrated Marketplace in the second quarter of 2023 were wind (36.4%), coal (25.0%), gas (29.0%), nuclear (6.4%) and hydro (2.9%).

The monthly average market price of energy in Q2 2023 was \$28.89 per MWh: up 18.7% from \$24.33 in Q1 2023, but 45.6% lower than 2022's Q2 average of \$53.12. Average prices year-to-date through the end of June were \$26.61 per MWh, compared to the 2022 average of \$51.90 and the 2021 average of \$56.63.

MOPC

*progress through the
power of relationships*

The **Markets and Operations Policy Committee (MOPC)** met for its quarterly meeting July 10 and 11. The committee approved 14 revision requests with 97% average consensus, including the winter Resource Adequacy Requirement with an amendment from AEP, Generator Interconnection Manual business practice, FERC Order FERC Order 881 compliance filing, FERC Order 831 settlement timeline, and multi-day reliability assessment design.

Four of the requests approved at the meeting are part of SPP's response to winter storm Uri. The committee approved the 2022 20-Year Assessment report and discussed winter weather analysis in the 2024 Integrated Transmission Plan.

The **October 16-17 MOPC meeting** in Little Rock will begin at 10:00 a.m., rather than 1:00 p.m., to allow more time for discussion on numerous resource adequacy items. Visit spp.org to **register** to attend in-person or by WebEx.

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**

SEAMLESS BOUNDARIES

Neighbors, seams, transfers and Western services

Western Energy Services

At its July meeting, SPP's Board of Directors and Members Committee approved budgets for SPP's **Markets+** service offering and for SPP's **Western Expansion of RTO services**. SPP is continuing to expand services in the Western Interconnection, and will provide Markets+ service by 2025 and RTO services to members in the Western Interconnection by 2026. SPP expects the combined footprints of these services to grow to serve more than 100 GW of peak demand.

The **Markets+ Participant Executive Committee (MPEC)** will **meet** in-person Aug. 8-9 in Portland, Oregon. Key agenda items to be discussed include: the Markets+ Program Schedule Overview, updates regarding Markets+ Governance, an update from the Markets+ State Committee and Design Working Group including Tariff Language, Virtual Transactions, Cost Allocation Methodology, and the MDWG Roster Update, and an update from the Markets+ Green House Gas Task Force. **Register to attend via Webex.**

**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 monthly meetings over the last few months with an additional four initiative-focused meeting and will hold an in-person meeting in Kansas City this month. A sub-team of CPPTF members, the Consolidated Needs Assessment Team (CNAT), is making progress on the CPP framework needs assessment design, including integrating generator interconnection Energy Resource Interconnection Service (ERIS) and HITT T1 Capacity Resource Interconnection Service (CRIS) service types into the CPP framework. In Q2, the task force focused on Entry-Fee Rate Structure, HITT T1 CRIS Transition, CPP

Transition Approach, and the creation of the CPPTF White Paper. The CPPTF will next meet in-person [August 22-23](#) in Kansas City, Missouri.

Future Grid Strategy Advisory Group (FGSAG)

The Future Grid Strategy Advisory Group (FGSAG) continues its work to implement the recommendations from the initial Grid of the Future report. SPP staff is educating primary working groups assigned to each of the report's 32 recommendations to aid their work in developing initiatives to address each recommendation.

The FGSAG, in collaboration with SPP staff and other stakeholder groups, will be working to prioritize the report's recommendations as well as the initiatives to address each recommendation. This work will be the primary focus of our next meeting Monday, [August 21, 2023](#), at 1:00 p.m. CT.

**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 July 24 and 25.

The RSC elected Will McAdams as RSC Vice President and John Tuma as RSC Secretary/Treasurer, confirmed the following individuals for the RSC Nominating Committee: Kristie Fiegen (SD PUC) – Chair; Justin Tate (AR PSC); and Todd Hiatt (OCC), approved the 2024 RSC budget, approved the 2022 RSC Audit report as presented, approved the REAL Team's modification to RR 549, and approved Staff's recommendations for HITT initiative M1. They also directed the CAWG to review the FERC Order on Revisions to Add Waiver of Base Plan Allocation Methodology (Docket #ER22-1846) with SPP staff and provide a recommendation in light of HITT Recommendation C2.

At their joint meeting, the Board and RSC approved the RR549 Winter Season Resource Adequacy Requirement, approved HITT M1 Implement Congestion Hedging Improvements, approved the RTO West Budget, approved the Markets+ Phase 1 Budget, approved the 2022 20-Year Assessment Report and associated 2022 20-Year Assessment Addendum 7, and approved RR565 FERC Order 881.

Minutes from the meetings of the **Board** and the **RSC** can be found on [spp.org](#). The Board of Directors, Members Committee, and Annual Meeting of Members will take place on [October 31](#) at SPP.

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 Offsite Group (SOG) to further develop the capability. SPP will continue to solicit feedback from stakeholders as potential changes to governance are considered.

Stewardship and Value

SPP updated gross revenue requirement (GRR) projections for 2023, estimating \$214.4 million for 2023 compared to a GRR budget of \$210.1 million. This would be an 12.9% increase from 2022’s GRR of \$189.9 million. Offsetting revenue is currently projected to result in a net revenue requirement of \$172.1 million, an increase of only 1% from 2022’s NRR of \$170.4 million.

SPP’s [2022 Member Value Statement](#) 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. Members can use a [worksheet](#) to help estimate a portion of the unique value each of their organizations receive 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.