

**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
D/FW Airport Hyatt Hotel – Dallas, Texas  
February 20, 2001**

**- Summary of Action Items -**

1. Approved minutes of the November 6, 2000 Board of Directors meeting as modified.
2. Approved recommended actions by the Commercial Practices Committee to modify Attachment P, Next Hour Market, Attachment Y, and Section 13.7 of SPP's Open Access Transmission Tariff.
3. SPP Staff was directed to develop a recommendation to the Board of Directors concerning adding a chief financial officer.

**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
D/FW Airport Hyatt Hotel – Dallas, Texas  
February 20, 2001**

**Agenda Item 1 - Administrative Items**

SPP Vice-Chair Mr. Tom Grennan called the meeting to order at 11:00 a.m. and called for a round of introductions. The following directors were in attendance or represented by proxy:

- Mr. Gene Argo, Midwest Energy, Inc.;
- Ms. Betsy Carr, proxy for Ms. Kim Casey, Dynegy Marketing and Trade;
- Mr. David Christiano, City Utilities of Springfield, MO;
- Mr. Harry Dawson, OK Municipal Power Authority;
- Mr. Michael Deihl, Southwestern Power Administration;
- Mr. Jim Eckelberger, non-stakeholder director;
- Mr. Tom Grennan, Western Resources;
- Ms. Trudy Harper, Tenaska Power Services;
- Mr. Quentin Jackson, non-stakeholder director;
- Mr. John Marschewski, Southwest Power Pool, Inc.;
- Mr. Tom McDaniel, non-stakeholder director;
- Mr. Ron McNamara, ENRON Power Marketing, Inc.;
- Mr. John E. Oxendine, non-stakeholder director;
- Mr. Stephen Parr, KS Electric Power Cooperative;
- Mr. J. M. Shafer, Western Farmers Electric Cooperative;
- Mr. Harry Skilton, non-stakeholder director;
- Mr. Richard Spring, Kansas City Power & Light;
- Mr. Al Strecker, OG+E;
- Mr. Larry Sur, non-stakeholder director;
- Mr. Richard Verret, American Electric Power; and
- Mr. Gary Voigt, Chair, Arkansas Electric Cooperative Corp.

There were 45 persons in attendance representing 18 members, 19 guests and 4 regulatory agencies (Attendance List – Attachment 1). The Secretary received 1 proxy statement (Proxy – Attachment 2). Mr. Grennan referred to the agenda (Agenda – Attachment 3) and asked for necessary modifications to draft minutes of the November 6, 2000 meeting or a motion for approval (Minutes – Attachment 4). Mr. Nick Brown (SPP) referred to omission of an action item in the summary related to directing the Regional Tariff Working Group to consider formula rates, revenue allocation and functionalization of facilities with an interim report in February and a final report in May. With this addition, Richard Verret moved that the minutes be approved as amended. Harry Skilton seconded this motion, which passed unopposed.

**Agenda Item 3 – Industry Issues Report**

Mr. Grennan called on Mr. John Marschewski, SPP president, to report on industry issues. Mr. Marschewski touched on areas of interest in the industry, including: Federal Energy Regulatory Commission (FERC) activities, the Midwest ISO's situation, the California retail market, state retail access implementation schedules, and federal energy legislation (Industry Issues Report – Attachment 5). Mr. Marschewski said that FERC is committed to RTO development and that at their encouragement; SPP is working on seams issues. Mr. Marschewski noted that many states are slowing down retail access implementation schedules due to fear generated by California's experience.

**Agenda Item 2 – Secretary's Report**

Mr. Voigt continued the meeting asking Mr. Nick Brown for the Secretary's Report (Secretary's Report – Attachment 6). Mr. Brown reported the SPP RTO Filing (RT01-34) of October 13, 2000 was still pending. Protests were filed by various member/participants including Oklahoma Corporation Commission not listed in the attached presentation. SPP responded to these protests December 5, 2000. Mr. Brown touched on issues concerning the Alliance RTO Order which made our RTO filing look favorable, reported affirmative results of the recent email vote concerning \$1.6M expansion of the market settlement system, and an overview of cost and usage comparisons of transmission service in the last few years. Mr. Brown informed the Board of Directors of an oversight in not filing service agreements in a timely manner. Even though these agreements had been exercised to all parties' satisfaction a sizeable penalty was imposed by FERC to be returned to three customers. One of the three customers involved waived the required payment.

Mr. Brown reported being on schedule and on budget with market settlement and explained the progress of interim financing with Firststar and privately placed financing (Principal Mutual Life) through SPP Capital Partners. Mr. Brown informed the Board that Principal Mutual Life might require a covenant with limitations because of concerns about assessment risks. It was decided that the term sheet be submitted to the Finance Working Group and then to the Board of Directors for approval prior to execution. Due to the complexity and magnitude of financing involved with this project and the continued financial activities of SPP, Ms. Trudy Harper stated there is a real need for a chief financial officer in the SPP organization. After some discussion, it was agreed that SPP Staff should develop a recommendation concerning this position for consideration at the May meeting.

Mr. Brown called attention to a draft document on an inter-RTO cooperation agreement between the SPP and the Alliance RTO (Cooperation Agreement - Attachment 7). Mr. Brown stated that the agreement was consistent with direction of the Board of Directors

concerning seams issues and that plans were to execute the agreement in the near future pending fine-tuning with the Alliance RTO. Mr. Brown encouraged comments be sent to either he or Mr. Marschewski as soon as possible. Mr. Brown stated that similar negotiations are taking place with Desert Star RTO as well.

Mr. Brown announced plans to have a Board of Directors retreat on May 7 – 8 at the Capitol Hotel, Little Rock, Arkansas, facilitated by Mr. Phil Sutphin, a retired Alltel executive.

#### **Agenda Item 4 – Commercial Practices Committee Recommendations**

Ms. Trudy Harper, Chair of Commercial Practices Committee (CPC) was asked to report on activities of her committee. Ms. Harper presented recommended modifications to SPP's regional tariff from the Regional Tariff Working Group for Board of Directors approval and subsequent filing with FERC (RTWG Tariff modifications – Attachment 8). These modifications were concerning: Attachment P, Next Hour Market, Attachment Y, Section 13.7, Sections 2.2 and 22. Ms. Harper moved to approve these recommended tariff modifications and Mr. Tom Grennan seconded this motion. Following discussion, Ms. Harper amended her motion to consider sections 2.2 and 22 in a separate vote due to concerns on these sections. Mr. Grennan concurred with this amendment and the motion passed unopposed. Ms. Harper then moved to approve sections 2.2 and 22. Ms. Betsy Carr (Dynergy) took issue with the tariff change process and stated that the RTWG procedures were inadequate due to votes taken without prior notice, minutes inaccurately reflected action on these tariff sections, and that the RTWG was not aware of what it had approved for recommendation to the CPC. Though Mr. Ricky Bittle, RTWG Chair, and Mr. Nick Brown took issue with Ms. Carr's statements, the motion failed for lack of a second. Ms. Harper stated that she would review this issue with RTWG and CPC and report back to the Board of Directors, possibly seeking an email vote on modifications on these tariff sections.

Mr. Ricky Bittle (AECC) reported on general tariff issues (RTWG Report – Attachment 9). Mr. Bittle stated that the RTWG passed a resolution to continue with a single rate class for network service customers and point to point customers across the SPP region. Mr. Bittle informed the Board of Directors of this position due to the potential conflict of this position with the desire of the Texas commission staff for six rate classes for retail service customers. Ms. Christine Ryan (ETEC) stated that the issue of revenue for their facilities is still pending. Mr. Bittle said there were transition issues that needed to be addressed before the RTWG could accomplish the Board's November directive.

Mr. Ron McNamara (Enron) reported on Congestion Management Systems Working Group (CMSWG). Mr. McNamara presented a three-part recommendation including cornerstones for real-time market design, the forward market, and conversion for

existing transmission rights (CMSWG Recommendations – Attachment 10). Mr. McNamara presented the following real-time market design cornerstone principles:

The dispatcher will create and use an aggregate generation stack to match supply/demand, manage transmission constraints and ensure reliability.

RTO will accept:

- balanced and unbalanced energy schedules,
- covered/uncovered transmission schedules.

Dispatcher will use locational marginal pricing to manage congestion.

- Prices will mirror what the dispatcher did – they will be based on actual generation and load.

RTO responsible for reliability, scheduling, load forecasting.

Transmission rights function as financial rights.

Minimize the RTO's need to take a financial position.

Ms. Harper suggested voting on each set of cornerstones separately and moved to approve cornerstones for the real-time market design as presented. Mr. McNamara seconded this motion. After discussion, it was determined that this issue was not ready for a vote by the Board of Directors and Ms. Harper withdrew her motion.

Consideration of the all the cornerstone principles was tabled for further debate by the CMSWG. Ms. Harper said she would continue to work with CMSWG and suggested any questions on these issues be sent to Mr. McNamara or Ms. Mary McAllister, Chair of CMSWG.

#### **Agenda Item 5 – Engineering & Operating Committee Recommendations**

Mr. Mel Perkins, Chair of Engineering & Operating Committee (EOC), was asked to report on activities of his committee. Mr. Perkins informed the Board of Directors of the Control Area Certification process as outlined in North American Electric Reliability Council (NERC) Criteria 8 and SPP Control Area Criteria and Certification Procedures (Control Area Certification – Attachment 11). Ms. Betsy Carr took issue with SPP Criteria in addition to NERC Criteria. Mr. Carl Monroe explained that SPP was not modifying NERC Criteria but that SPP does have added requirements for control areas. Mr. Perkins stated that a team was being formed to evaluate a current request for control area certification. Ms. Harper asked who made this request and Mr. Monroe stated his preference of checking with this company prior to divulging their name.

#### **Agenda Item 6 – NERC Board of Trustees Report**

Mr. Voigt asked Mr. Tom Grennan (Western Resources) to report on NERC activities. Mr. Grennan informed the Board of Directors of the transition from NERC to the North American Reliability Organization (NAERO) and formation of three task groups: governance, funding and compliance (NERC Board of Trustees – Attachment 12). Mr. Grennan also indicated that the NERC Board of Trustees approved development of the Flow Impact Study Tool, which should be ready by summer 2001 to make interregional

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February 20, 2001

transmission information available in real time.

**Agenda Item 7 – Operations Report**

Mr. Carl Monroe presented SPP statistics concerning:

- Transmission service reservation volume,
- Transmission service volume,
- Service availability, and
- Transmission loading relief events.

(Operations report – Attachment 13).

**Agenda Item 8 – Ice Storm Damage Report**

Mr. Richard Verret and Mr. Voigt reported on the severity of ice storm damage during two major events in December.

**Agenda Item 9 – State Regulator Comments**

Mr. Voigt then opened the floor for comments from regulatory agency representatives. Mr. Ernest Johnson, Director of the Public Utility Division of Oklahoma Corporation Commission said that he enjoyed the dialogue and felt better about SPP's governance structure and appreciated SPP Staff's position in debating various issues with such a diverse membership.

**Adjournment**

With no further business, Mr. Voigt thanked everyone for their participation and adjourned the meeting at 3:04 p.m.

Nicholas A. Brown, Corporate Secretary

Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
DFW Hyatt - Dallas, Texas

February 20, 2001

ATTENDANCE LIST

Name	System
Mel PERKINS	OG&R
Al STRECKER	OG&E
SAM Bratton	Ark PSC
Dave Christiano	Springfield CU.
Steve Owens	Entergy
Ron McNamara	ENRON
Mark MacDonald	CRECO
Richard Spring	KCP&L
Mikel Kline	KEPCo
Stephen Parr	KEPCo
MARK BECKER	AEP
TOM GRENNAN	WR
Dick Durbin	WR
Melvin Rowe	OG&E
Ernest G. Johnson	OCC
Sharon Vachon	OCC
Betsy Carr	Dynegy
Rick Riley	Entergy

**Robertson, Cheryl**

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**Subject:** Proxy for SPP Board meeting on February20

From: Kim.Casey@dynegy.com [mailto:Kim.Casey@dynegy.com]  
Sent: Wednesday, February 21, 2001 10:30 AM  
To: Brown, Nick  
Cc: Betsy.Carr@dynegy.com  
Subject: Proxy for SPP Board meeting on February20

Betsy Carr, of Dynegy, has my proxy for the referenced meeting. Thanks!



Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
DFW Hyatt - Dallas, Texas

February 20, 2001

ATTENDANCE LIST

Name	System
JANA LAIRD Phillips	CALPINE
David H. McMillan	CALPINE
Quentin Jackson	Non-Stockholder
MIKE DEIHL	SWPA
HARRY SKILTON	IND-Director
Jim Eckelberger	Independent Director
Ron Lancelos	@X5
Tom Melanec	Ind. Director
Christine Ryan	East Tx Coops
Henry JAWHSEN	SWPS / XCEL
Larry Wells	Cleco
Harry Dawson	OMPA
BETSY CARR	DUNEBOY
Al STRECKER	OG&E
TRUDY HARPER	TENASKA
Richard Verret	AEP
Gary Voigt	AECC
John Marschewski	SPP



**Southwest Power Pool  
BOARD OF DIRECTORS MEETING**

**Tuesday, February 20, 2001**

**Hyatt Hotel – Dallas/Ft. Worth Airport  
Skyline A Room – West Tower**

**- A G E N D A -**

**11 a.m. – Call to Order**

1. Administrative Items ..... Gary Voigt
  - a. Approval of Minutes
  
2. Secretary’s Report.....Nick Brown
  - a. RTO Filing
  - b. Results of Email Vote
  - c. Penalty Payout
  - d. Financing of Market Settlement Cost
  
3. Industry Issues Report..... John Marschewski
  - a. Federal Energy Regulatory Commission
  - b. Midwest ISO Withdrawals
  - c. California Retail Market
  - d. State Retail Schedule
  - e. Federal Energy Legislation
  
4. Commercial Practices Committee Report.....Trudy Harper
  - a. Regional Tariff Working Group
  - b. Market Settlement Working Group
  - c. Congestion Management Systems Working Group
  
5. Engineering & Operating Committee Report ..... Mel Perkins
  
6. NERC Board of Trustees Report .....Tom Grennan
  
7. Operations Report ..... Carl Monroe
  
8. Ice Storm Damage Report.....Richard Verret
  
9. State Regulator Comments .....

**3 p.m. – Adjournment**

**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
Hyatt Regency - Wichita, Kansas  
November 6, 2000**

**- Summary of Action Items -**

1. Approved minutes of the August 30, 2000 Board of Directors meeting as distributed.
2. Approved recommended actions by the Commercial Practices Committee to change the name of the Market Rules Working Group to Congestion Management System Working Group and to approve its scope statement.
3. Approved recommended changes by the Engineering & Operating Committee to SPP Criteria 5, Section 5.1 (and the addition of Appendix 7) and changes to Section 5.2 to become effective after SPP recognition as an RTO and execution of new membership agreements.
4. Approved a recommendation from the Employee Benefits Working Group to make a 3.2% salary structure adjustment and a 5.0 percent merit increase for 2001.
5. Approved the Finance Working Group recommendations for the 2001 SPP administrative budget of \$19,935,550 and associated long-term financing of the market settlement systems at a fixed interest rate.
6. Direct the Regional Tariff Working Group to consider formula rates, revenue allocation and functionalization of facilities with an interim report in February and a final report in May.

**Southwest Power Pool  
BOARD OF DIRECTORS MEETING  
Hyatt Regency - Wichita, Kansas  
November 6, 2000**

**Agenda Item 1 - Administrative Items**

SPP Chair Mr. Gary Voigt called the meeting to order at 1:07 p.m. and called for a round of introductions. The following directors were in attendance or represented by proxy:

- Mr. David Christiano, City Utilities of Springfield, MO;
- Mr. Harry Dawson, OK Municipal Power Authority;
- Mr. Jim Eckelberger; non-stakeholder director;
- Mr. Greg Geisler, proxy for Ms. Trudy Harper, Tenaska Power Services Company; and for Ms. Lydia Vollmer, PECO Power Team;
- Mr. Tom Grennan, Western Resources;
- Mr. Quentin Jackson, non-stakeholder director;
- Mr. Stephen Parr, KS Electric Power Cooperative;
- Mr. Tom McDaniel, non-stakeholder director;
- Mr. Gene Reeves, proxy for Mr. Michael Deihl, Southwestern Power Admin.;
- Mr. J. M. Shafer, Western Farmers Electric Cooperative;
- Mr. Harry Skilton non-stakeholder director;
- Mr. Mark Stegall, proxy for Ms. Kim Casey, Dynegy Marketing & Trade;
- Mr. Al Strecker, OG+E;
- Mr. Larry Sur; non-stakeholder director;
- Mr. Richard Verret, American Electric Power;
- Mr. Gary Voigt, Chair, Arkansas Electric Cooperative Corp.; and
- Mr. John Marschewski, Southwest Power Pool, Inc.

There were 34 persons in attendance representing 18 members, 16 guests and 1 regulatory agency (Attendance List – Attachment 1). The Secretary received 3 proxy statements (Proxy – Attachment 2). Mr. Voigt referred to a full agenda (Agenda – Attachment 3) and asked for necessary modifications to draft minutes of the August 30, 2000 meeting (Minutes – Attachment 4) or a motion for approval. Mr. McDaniel moved that the minutes be approved as distributed. Mr. Verret seconded this motion, which passed unopposed. Mr. Voigt submitted a schedule of future meetings (Meeting Schedule – Attachment 5). This schedule includes additional meetings moving to a quarterly schedule. Mr. Jackson moved to accept this schedule with a change matching a day and date. Mr. Verret seconded this motion and the 2001 and 2002 schedule of meetings was approved without opposition.

**Agenda Item 2 – Commercial Practices Committee Recommendations**

Mr. Voigt asked Mr. Greg Geisler to present a report on behalf of Commercial Practices Committee Chair Trudy Harper. Mr. Geisler presented recommended actions from the Commercial Practices Committee for Board of Directors approval to change the name

of the Market Rules Working Group to Congestion Management System Working Group better representing the group's scope of responsibilities and also to approve their formal statement of scope (CMSWG Charter – Attachment 6). Mr. Reeves moved to approve this recommendation. This motion was seconded by Mr. Strecker and was approved unanimously.

### **Agenda Item 3 – Engineering & Operating Committee Recommendations**

Mr. Mel Perkins, Chair of Engineering & Operating Committee (EOC), was asked to report on activities of his committee. Mr. Perkins reported EOC recommended changes to SPP Criteria 5 (Criteria 5, Section 5.1 changes – Attachment 7). The original SPP Criteria 5 specified that the data would be exchanged at least every ten minutes. Appendix 7 specifies that the periodic ICCP data be exchanged no less frequently than every thirty seconds. Status point data will continue to be exchanged on a by-exception basis whenever possible, with a ten-minute integrity report. Mr. Strecker motioned approval of the recommended changes. Mr. Eckelberger seconded this motion, which passed without opposition.

Mr. Perkins then referred to recommended changes in SPP Criteria Section 5.2 requiring SPP approval of transmission maintenance schedules and informed the Board of Directors that these changes would be in conflict with the current SPP Membership Agreement if changed before RTO status is achieved. Mr. Perkins stated the current membership agreement only requires coordination with SPP. Mr. Brown suggested approving this recommendation with an effective date after the RTO filing with the new Membership Agreement is approved by FERC and executed by the membership. Jim Eckelberger pointed out that the 30 seconds change had not been made in Section 5.2.4.1. Mr. Harry Dawson moved to make the recommended changes with the date stipulation suggested by Mr. Brown. Mr. Verret seconded the motion, which passed unopposed.

### **Agenda Item 5 – Finance Working Group Recommendations**

Mr. Voigt skipped to Agenda Item 5 calling on Mr. Tom Grennan, Chair of the Finance Working Group for a report. Mr. Grennan stated the Finance Working Group consists of himself, Mr. Gene Argo, Ms. Trudy Harper and SPP President Mr. John Marschewski. Mr. Grennan presented the proposed draft of the SPP administrative budget for 2001 (2001 Administrative Budget – Attachment 8). He stated there was approximately a \$7,200,000 increase over 2000 due to supporting the RTO filing and market settlement responsibilities. Mr. Grennan complimented Mr. Marschewski and the SPP staff for accomplishing what was asked of them and working diligently to achieve RTO recognition. He also stated that additional staff is needed making the total staff reach 119 by the end of 2001. After discussion, Mr. Grennan moved and Mr. Voigt seconded the Board of Directors approve the recommended budget for 2001 as presented. This decision was deferred until Mr. J.M. Shafer could present the

Employee Benefits Working Group recommendation.

**Agenda Item 4 – Employee Benefits Working Group Recommendations**

Mr. Voigt then asked Mr. J.M. Shafer, Chair of Employee Benefits Working Group (EBWG), for an update on the activities of this group. Mr. Shafer stated the group had contracted with Hewitt Associates in 1999 to conduct a market analysis survey of staff positions and by contacting the peers and some members of SPP (Budget Projections – Attachment 9). Hewitt proposed adjusting the SPP salary structure 3.2% to keep salary midpoints current to the marketplace. The EBWG agreed with Hewitt's conclusions. Mr. Shafer presented the EBWG recommendation of a 3.2% salary structure adjustment and a 5.0% merit increase for 2001 as a motion. Mr. Dawson seconded this motion, which passed without opposition.

Mr. Voigt then called for the vote on the previously deferred motion to approve the recommended budget for 2001 as moved by Mr. Grennan and seconded by Mr. Voigt. This motion passed without opposition.

**Agenda Item 6 – Secretary's Report**

Nick Brown reported that he had not completed an assignment given to him by the Board of Directors at the last meeting for staff to recommend a formula rate for inclusion in SPP's regional tariff by this meeting. Mr. Brown offered his apology for not doing so but explained his belief that it would be inappropriate for Staff to perform this function and bypass SPP's organizational structure. Mr. Brown stated he had taken the issue to the Regional Tariff Working Group, but this was something they were not willing to take on at this time. Mr. Brown then asked for direction from the Board stating he would proceed as directed but felt going through the organizational structure would be best. After much discussion Mr. Parr moved and Mr. McDaniel seconded that the task of considering a formula rate, revenue allocation and functionalization of facilities be assigned to the Regional Tariff Working Group with an interim report due in February and a final product be presented at the May Board of Directors meeting for consideration. This motion passed unopposed.

**Adjournment**

At 3:20 p.m., Mr. Voigt thanked everyone for their participation and following a short break, reconvened in executive session to discuss staff matters.

Nicholas A. Brown, Corporate Secretary

## Inter-RTO Cooperation Agreement between the Southwest Power Pool and the Alliance RTO

This Inter-RTO Cooperation Agreement (the "Cooperation Agreement" or this "Agreement") is made and entered into as of \_\_\_\_\_, by and among the undersigned Regional Transmission Organizations in order to set forth agreements with respect to the cooperation between regional transmission organizations, on the terms and subject to the conditions stated herein.

The Federal Energy Regulatory Commission ("Commission") has determined that the facilitation of Regional Transmission Organizations (RTOs) is in the public interest as they will promote efficiency in wholesale electricity markets and to ensure that electricity consumers pay the lowest price possible for reliable service.

The Alliance RTO and the Southwest Power Pool are committed to facilitating efficient energy markets, which will be further facilitated by cooperation between RTOs.

Such cooperation should be done consistent with the spirit and requirements of Order 2000's Eighth RTO Function: Interregional Coordination.

THEREFORE, the undersigned parties agree as follows:

### ARTICLE I DEFINITIONS

Capitalized terms used in this Agreement without other definition shall have the meanings as set forth below.

**Cooperating RTOs** mean the signatories to this Agreement.

**Destination RTO** means the RTO in which the ultimate load served by a Multi-RTO Transmission Transaction is located.



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**FERC** means the Federal Energy Regulatory Commission or its successor organization.

**Inter-RTO Transition Period** means the earliest concluding FERC-approved transition period, with respect to transmission rates, of the Parties.

**Intervening RTO** means an RTO which provides transmission service to facilitate a Multi-RTO Transmission Transaction but is neither the Source RTO or Destination RTO.

**Multi-RTO Transmission Transaction** means use or reservation of the Transmission Systems of multiple RTOs, using Point-To-Point and/or Network Integration Transmission Service pursuant to a Service Agreement and the respective RTO tariffs.

**NERC** means the North American Electric Reliability Council or its successor organization.

**Order No. 2000** means the order issued by FERC on December 20, 1999 and cited as Regional Transmission Organizations, Order No. 2000, 65 Fed. Reg. 809 (January 6, 2000), FERC Stats. and Regs. ¶ 31,089 (1999), order on reh'g, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000), FERC Stats. and Regs. ¶ 31,092 (2000) (to be codified at 18 C.F.R. § 35.34(h)).

**Parallel Path Flow** means the difference between the scheduled and actual power flow, assuming zero inadvertent interchange, on given transmission facilities within one or more of the Cooperating RTO systems.

**Parties** means the signatories to this Agreement except where the term is used in a context to mean a subset of signatories to this Agreement.

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**Post Inter-RTO Transition Period Pricing Structure** means a pricing structure agreed to by some or all of the Cooperating RTOs to be put into effect by such Cooperating RTOs upon the completion of the Inter-RTO Transition Period.

**Rate Discounting Reciprocity** means the pricing structure for waiving transmission charges on certain Multi-RTO Transmission Transactions during the Inter-RTO Transition Period as described in Section 2.1 of this Agreement.

**Source RTO** means the RTO in which the generation source serving a Multi-RTO Transmission Transaction is located.

**ARTICLE II  
PRICING OF TRANSMISSION SERVICE**

**2.1 Post Inter-RTO Transition Period Pricing Structure Development**

2.1.1 Cooperating RTOs shall negotiate to achieve an equitable and efficient methodology for pricing for Multi-RTO Transmission Transactions for the period of time after the conclusion of the Inter-RTO Transition Period (Post-Transition Pricing Structure).

- a) Starting no later than December 31, 2003, the Cooperating RTOs shall undertake to determine an appropriate Post-Transition Pricing Structure that will create price signals for the efficient use of the RTO transmission systems and for the efficient location of new generation and transmission. The pricing methodologies that the Cooperating RTOs shall investigate shall include, but shall not be limited to:
  - (i) A distance-sensitive rate-making structure;
  - (ii) A regional average of the Zonal Rates of the Transmission Owners (a postage-stamp rate);
  - (iii) A separation of transmission assets and associated rates for "throughput" facilities and "local" facilities; and

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- (iv) A separate rate structure for injection (generation) and withdrawal (load) and
        - (v) A license plate approach.
  - b) The Cooperating RTOs shall work to select a proposed Post Inter-RTO Transition Period Pricing Structure in accordance with the procedure described in Section 2.1.2 below.
- 2.1.2 No later than December 31, 2003, the Cooperating RTOs shall commence a process for developing a Post Inter-RTO Transition Period Pricing Structure.
  - a) The process for developing a Post Inter-RTO Transition Period Pricing Structure shall include an explicit evaluation of:
    - (i) how the proposed pricing structure will provide economically efficient incentives for use and expansion of the Transmission Systems of the Cooperating RTOs and for the siting of new generation;
    - (ii) the merits of a distance-sensitive rate, which could include a rate comprised of a full or partial MW-mile billing determinant; a methodology where generators in zones defined by electric characteristics (not corporate boundaries) pay different fixed connection charges; or other methodologies which recognize the economic and physical impact of distance on transmission of electricity;
    - (iii) the merits of all other pricing methodologies considered and rejected by the Cooperating RTOs; and
    - (iv) the application of performance-based rate-making and incentives.

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- b) Nothing in this section requires Cooperating RTOs to agree to a Post-Transition Pricing Structure, nor are Cooperating RTOs required to discard their transition period pricing structures upon completion of the Inter-RTO Transition Period.
- c) Any agreement among the Cooperating RTOs on a Post Inter-RTO Transition Period Pricing Structure shall be presented to the Transmission Owners and other interested parties of the Cooperating RTOs, for their non-binding review, no later than 3 months prior to its anticipated effective date.
- d) The Cooperating RTOs shall design any Post-Transition Pricing Structure in light of the provisions of state rate moratoriums, such that providers of last resort to retail customers who serve such customers subject to state rate moratoriums do not incur trapped costs.
- e) In the limited circumstances described in this Section 2.1.2(e), any Post Inter-RTO Transition Period Pricing Structure may not be fully applicable. If a Transmission Owner would not recover a material portion of its revenue requirement due to increased transmission charges in its provision of electricity service to bundled load as a result of a Cooperating RTO progressing from the Transition Period Pricing Structure to a Post- Transition Period Pricing Structure, the Transmission Owner may proceed as follows:
  - (i) It shall first make a good faith effort to obtain relief from the state regulatory authority in the state(s) in which it serves bundled load. The Cooperating RTOs shall support the Transmission Owner in its efforts.
  - (ii) If the Transmission Owner fails to obtain satisfactory relief from its state regulatory authority(-ies), the Transmission Owner may choose to retain its Pricing Zone while the other

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pricing zones of the Cooperating RTOs move to the post Inter-RTO Transition Period pricing structure.

- (iii) If a Pricing Zone is retained, the Zonal Rate shall be applied to all Transmission Transactions whose Point of Delivery is in the Pricing Zone.
- (iv) Such Transmission Owner shall immediately move to the Post-Transition Pricing Structure once its inability to recover transmission costs has been relieved due to unbundling or other state regulatory action affecting bundled load. Nothing shall prevent the Transmission Owner from electing to move to the Post- Transition Pricing Structure before this time.
- (v) The Cooperating RTOs shall not oppose a Transmission Owner's claim to an exemption from the Post Transition Pricing Structure pursuant to this Section 2.1.2(e) if the Transmission Owner demonstrates that the portion of its revenue requirement that the Transmission Owner will not recover is material and the Transmission Owner has complied with this Section 2.1.2(e).

## **2.2 Incremental Pricing**

2.2.1 The parties hereto anticipate that the pricing reciprocity provisions of this Agreement will result in an increase in transmission transactions in the affected areas; and that an incremental pricing approach is needed to stimulate sufficient investment to meet the (increased) demand for transmission system use stimulated by the introduction of pricing reciprocity and the further expansion of competitive markets. Each Cooperating RTO shall develop and/or support, as necessary and appropriate, an “incremental” (known as “and pricing”) pricing structure to compensate transmission owners for both embedded cost and the

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incremental cost of transmission upgrades necessary to relieve constraints or maintain reliability that may result from the increased transactions.

- a) The proposed incremental cost approach shall apply, at a minimum, when needed system reinforcements would occur between Cooperating RTOs. The affected Cooperating RTOs shall work together to develop an appropriate pricing approach to ensure that sufficient financial incentives exist to build the needed system expansion.
- b) If Cooperating RTOs are unable to agree upon a mutual incremental pricing approach, the Cooperating RTOs will support attempts by other Cooperating RTOs to propose incremental pricing, which may be needed to spur such investment.

2.2.2 Incremental pricing proposals, pursuant to this section, shall be developed consistent with FERC Order No. 2000, Section III.G.7.(c).

**ARTICLE III**  
**INTER-RTO OPERATIONS**

**3.1 Inter-RTO Operation Coordination**

The Cooperating RTOs commit to develop and implement appropriate mechanisms to coordinate super-regional operations and enhance the compatibility of their operations. These include data sharing protocols, security coordination protocols, ATC coordination, operational planning, congestion management practices and combined reservations/ schedules.

**3.1.1. Data Exchange Protocol**

The Cooperating RTOs recognize that sharing operating data between neighboring RTOs is critical to effectively coordinating operations and maintaining regional system reliability, while assuring the maximum commercial flexibility for

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market participants. The Cooperating RTOs commit to develop protocols and formats that define data exchange and are consistent with industry efforts. The Cooperating RTOs will participate in industry efforts and will initiate joint work groups with each other where industry efforts do not exist. The scope of the data exchange protocols should (a) include common operations data exchange formats; (b) include an enhanced inter-RTO Transmission Loading Relief (TLR) process; and (c) promote proactive involvement with transmission customers and other interested parties by establishing a Market Interest Interface Committee.

**3.1.2. Shared Infrastructure Cost Reductions**

The Cooperating RTOs agree to seek to reduce overall operations infrastructure costs through appropriate and compatible systems development and sharing agreements. In part this will be accomplished through the development and use of standardized processes, the use of compatible, infrastructure and applications, and to the extent feasible and appropriate, common systems. The Cooperating RTOs further agree to seek other areas for shared cost reductions including development of a planning model for ATC and a regional planning model to be used for inter-regional planning load flows.

**3.1.3. Protocol for Operational Planning Coordination**

The Cooperating RTOs will jointly develop protocols for sharing transmission and generation outage schedule data. To improve the operational planning of each Cooperating RTO, the protocols will include mutually agreed upon sharing of SCADA data between Cooperating RTOs about specific limiting facilities. The Cooperating RTOs encourage adoption of consistent modeling protocols for planning and operating studies to further enhance operational planning efforts.

**3.2 ATC Coordination**

**3.2.1. ATC Calculation Coordination**

The Cooperating RTOs agree to develop necessary protocols to coordinate the posting of compatible ATCs with any regional seam. This is viewed as critical to

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assessing the impacts of loop (parallel) flows. A joint working group will develop a compatible methodology for determining consistent protocols for posting ATC values at interfaces between the Cooperating RTOs. The posted values would reflect a rational evaluation of the systems being modeled as an “inter-regional” system instead of as independent “regional” systems. The Cooperating RTOs will support the development of standardized processes for ATC determination and supporting applications to be applied on a super-regional RTO basis.

### **3.3. Loop Flows and Parallel Path**

The Cooperating RTOs agree to adopt the necessary protocols and implement necessary modifications to the respective control center systems to enhance the ability to recognize loop flows in security coordinator processes and in the scheduling of transactions between Cooperating RTOs. The Cooperating RTOs commit to work toward a process that recognizes the impacts of loop flows in reservation, scheduling, congestion clearing and cost assignment. The Cooperating RTOs also commit to take a leadership role in industry efforts, including MRD (Market ReDispatch), MIC (NAERO’s Market Interface Committee) and TLR. These efforts are directed toward determining the information needed to be posted on OASIS to recognize and mitigate loop flows. The Cooperating RTOs further agree to share inter-regional load flow modeling data, including outage-modeling data, to enhance the ability to identify loop flow conditions and potential joint mitigation measures.

### **3.4 Security Coordination**

#### **3.4.1 Security Data Sharing**

The Cooperating RTOs agree to share security information among themselves and with neighboring RTOs to coordinate and improve the security coordination function. Such information shall include but not be limited to Interchange Security Network (ISN) data 10-minute and real-time Area Control Error (ACE) data, and Interchange Distribution Calculator (IDC) data. Load flow modeling information, including outage



coordination data, would be shared to facilitate the determination of loop flows and the mitigation of their effects. Each Cooperating RTO will prepare and share annual forecasts as a base case. Results of monthly, weekly, daily and real-time studies recognizing changing system topology will be shared per criteria to be determined by the Cooperating RTOs.

### **3.4.2 Industry Security Coordinator Initiatives**

The Cooperating RTOs agree to adopt, as applicable, the results of initiatives NERC currently has underway to improve coordination between Security Coordinators, potentially resulting in a broader approach that may align Security Coordinators on an RTO basis.

The Cooperating RTOs will participate in developing solutions to congestion/system security issues, and will commit to participate in and adopt all NERC-approved regional pilots and/or proposals. Current initiatives include the Market Interface Committee (MIC) and Market Redispatch (MRD).

### **3.4.3 Redispatch Sharing Agreement**

The Cooperating RTOs agree to take a leadership role in industry efforts such as MRD and TLR and to work toward developing a redispatch sharing agreement with adjacent RTOs to resolve congestion on flowgates. This effort would expand the current redispatch for reliability purposes to allow customers to request continuation of non-firm transmission service by requesting the RTO to provide redispatch service on the unconstrained side of a constraint in a neighboring RTO. Such a congestion management/redispatch agreement would also include appropriate financial settlements. The results of such agreements will be advanced to support compatible market development efforts that need to recognize the financial settlements aspects and provide a vehicle to settle payments external to the operations of the Cooperating RTOs.

## **3.5 Combined Reservations/Schedules**

### **3.5.1 Reserves/Reserve Sharing**

The Cooperating RTOs agree to establish a joint team to develop compatible approaches to provide reserve sharing within Cooperating RTOs while respecting the existing regional reliability organization sponsored automatic reserve sharing agreements. In the initial phase, the Cooperating RTOs will develop protocols that would permit reserve sharing within each Cooperating RTO, supplemented by an extended reserve sharing between the Cooperating RTOs. The Cooperating RTOs will develop appropriate compatible methodology to determine operating conditions and communication protocols for implementation. The resolution of reserves and reserves sharing provides enhanced assurance of reliable system operation and thereby assures an effective market operation. The Cooperating RTOs' joint team will address existing ECAR and adjacent reliability organization agreements.

### **3.5.2 Reservations and Schedules Coordination/Combination**

The Cooperating RTOs commit to cooperate in developing an interface between OASIS, tagging and scheduling systems across multiple regions to accommodate populating the Energy Management Systems (EMS) of all participants at the same time. The development of such an interface is expected to simplify the market participants' acquisition of transmission information, and thus further facilitate one-stop shopping for transmission service. As part of this effort, the Cooperating RTOs shall consider equating tags and schedules in the respective OASIS systems, adoption of software to validate schedules and tags to streamline this process, and the potential for a transmission business-to-business exchange.

**ARTICLE IV**  
**CONGESTION MANAGEMENT**

**4.1 Congestion Management between Cooperating RTOs**

- 4.1.1 The Cooperating RTOs agree to jointly develop an open, accessible electronic bulletin board system for posting congestion management information including generator shift factors. On a daily basis, the Cooperating RTOs shall jointly identify the interfaces that are expected to be constrained and the principal generators which can relieve those constraints. The Cooperating RTOs will post the generator shift factors for those generators.
- 4.1.2 The Cooperating RTOs agree to require that generators, to the extent necessary for inter-RTIO congestion management objectives, to provide bids to increase or reduce generation on either or both sides of the interfaces. Cooperating RTOs shall require generators to submit bids to raise or lower generation to relieve transmission constraints. The bids will be submitted initially on a bulletin board exchange operated by an entity that is independent of the RTOs, transmission owners, and market participants.
- 4.1.3 The Cooperating RTOs commit to facilitate the formation of such third party exchanges. In advance of the development of such exchanges, the bulletin board mechanism will facilitate congestion management by providing comparable information and method of matching market participants/transmission customers with the appropriate generators.
- 4.1.4 In processing day-ahead transmission requests, the Cooperating RTOs shall identify for the transmission customers the generators on both sides of the interface which can relieve the congestion. After having the opportunity to contract with the appropriate generators, the transmission customer may then resubmit its schedule for the next day.

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- 4.1.5 The Cooperating RTOs shall coordinate their schedules through the constrained interfaces as well as other schedules that may impact the ATC of those interfaces. The Cooperating RTOs shall develop procedures for that coordination.
- 4.1.6 The Cooperating RTOs shall establish an Inter-RTO joint-congestion management committee, which shall:
- (a) Identify congestion management issues for resolution
  - (b) Seek market oriented foundations/enhancements for incorporation into congestion management methodologies;
  - (c) Formulate congestion management proposals for adoption by Cooperating RTOs;
  - (d) Formulate compatible definitions, terminology, and applications of congestion management systems; and

**4.2 Development of Advanced Congestion Management Mechanisms**

- 4.2.1 The Cooperating RTOs commit to formulate within eighteen (18) months of their signing this Agreement a comprehensive proposal to provide a market-oriented congestion management methodology that minimizes the effect of the RTO boundaries and maximizes the ability to alleviate congestion, in accordance with the guidelines of Order No. 2000.

Each Cooperating RTO shall provide adequate resources for developing the advanced congestion management system.

- 4.2.2 As an interim provision, the Cooperating RTOs shall formulate necessary accommodations and modifications to their internal RTO congestion management methodologies, with the objective of implementing compatible or consistent methods.
- 4.2.3 Cooperating RTOs also shall make every effort to achieve economies by limiting the development of multiple separate congestion management systems.

**ARTICLE V**

**INTER-RTO SUPER-REGIONAL PLANNING**

**5.1 Coordinated Planning**

Each Cooperating RTO shall coordinate its long-term (greater than twelve months) transmission planning activities with the other Cooperating RTO(s). Each Cooperating RTO will develop and prepare an annual transmission planning report for its region, such planning reports will be coordinated to the maximum extent possible with the other Cooperating RTOs and an annual Joint RTO Transmission Planning Report will be produced.

**5.2 RTO Individual Responsibilities**

Each Cooperating RTO shall engage in such transmission planning activities as are necessary to fulfill its obligations under its agreements and open access transmission tariff. Such planning shall conform to applicable reliability requirements of the North American Electric Reliability Council, applicable regional reliability councils, or any successor organizations, and all applicable requirements of federal or state laws or regulatory authorities. Such planning activities shall coordinate transmission plans among the Cooperating RTOs to maintain adequate reliability, alleviate transmission constraints (either within each RTO or between RTOs) and satisfy other requirements set forth in each RTO's agreements while minimizing overall costs.

### **5.3 Joint RTO Planning Committee**

5.3.1 A Joint RTO Transmission Planning Committee shall be established and each Cooperating RTO shall assign an official representative to this Committee.

5.3.2 The Joint RTO Transmission Planning Committee shall be responsible for coordinating planning activities for all facilities under the functional control of each Cooperating RTO.

5.3.3 The Joint RTO Transmission Planning Committee shall meet on at least a semi-annual basis to review and coordinate current RTO transmission planning activities.

5.3.4 The responsibilities of the Joint RTO Transmission Planning Committee shall include, but not be limited to:

- A. Coordination of ATC calculation methodology between RTOs.
- B. Coordination of long-term transmission service requests between RTOs, including coordination of System Impact and Facilities Studies if request is expected to affect neighboring RTOs.
- C. Development of cost-effective plans to resolve transmission constraints that would otherwise preclude requested transmission service between RTOs.
- D. Creation of an annual Joint RTO Transmission Planning Report by evaluating and integrating the transmission plans and other findings from each RTO.
- E. Supporting approval at the state and federal agency levels of necessary transmission plans.

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Supporting the development of multi-state agreements to facilitate new inter-state transmission facility additions to alleviate constraints and enhance transmission network reliability.

5.3.5 The Joint RTO Transmission Planning Committee shall establish two subcommittees, which will ensure coordination of transmission planning activities, the Planning Advisory Subcommittee and the Reliability Planning Subcommittee.

- F. The Planning Advisory Subcommittee shall be established to ensure adequate mechanisms for representatives of all market participants to have input in the planning process. Responsibilities of the Planning Advisory Subcommittee shall include:
  - 1. Reviewing transmission plans and providing input for consideration in the development of the Joint RTO Transmission Planning Report;
  - 2. Recommending additional studies or evaluation of plans;
  - 3. Reviewing planning standards and guidelines, and
  - 4. Recommending additional alternative system reinforcements for consideration.
- G. The Reliability Planning Subcommittee will be established to provide a vehicle through which coordinated reliability planning activities will be conducted. Responsibilities of the Reliability Planning Subcommittee will include:
  - 1. Developing, coordinating, and distributing computer simulation models needed to support planning activities;
  - 2. Identifying the need for system expansion or reinforcement through assessment of the ability of the planned system to meet reliability needs and to support transmission service requests;
  - 3. Defining coordinated planning studies to be conducted under its direction (including study assumptions) and developing work assignments and schedules for conducting such studies; and
  - 4. Reviewing and coordinating each RTO's reliability study reports.

5.3.6 Additional facilities may be incorporated into the Joint RTO Transmission Planning Committee's responsibilities if such facilities are deemed necessary to relieve a constraint or for security purposes.

**5.4 Data Exchange**

The Cooperating RTOs shall foster improved transmission planning through a coordinated planning process in which RTOs, ISOs, TOs, LDUs and transmission users exchange necessary data and system plans.

**5.5 Performance Assessments**

The Cooperating RTOs shall collectively assess the expected performance of the electrical network, and jointly develop necessary reinforcement alternatives. This process shall recognize the potential effects of each system's plans on the other interconnected systems in matters of efficiency and reliability.

**ARTICLE VI  
PARALLEL PATH FLOWS**

**6.1 Internalization**

Each of the Cooperating RTOs has adopted, or will adopt prior to its initial operations, transmission scheduling and pricing policies that will internalize most, if not all, parallel path flows within its own region.

**6.2 Cooperation with NERC**

The Cooperating RTOs shall work with NERC to address parallel path flow issues within the Eastern Interconnection.

**6.3 Development of Procedures**

No later than December 15, 2004, or no later than such date after December 15, 2004 as FERC may permit for compliance with Function 3 of Order No. 2000, the Cooperating RTOs shall have procedures in place to address parallel path flow issues between their respective transmission systems.



**ARTICLE VII**  
**ALTERNATIVE DISPUTE RESOLUTION**

**7.1 Disputes**

The procedures set forth in this Article VII are applicable only to disputes between two or more Cooperating RTOs that arise out of or in connection with this Agreement. The procedures of this Article VII shall not be applied to disputes between two or more Parties and non-parties to this Agreement (e.g., transmission owners or transmission customers) unless all of the parties to such a dispute agree in writing to adopt these procedures.

**7.2 Negotiations**

Any disputes between two or more Cooperating RTOs arising out of, or in connection with, this Agreement shall be referred as promptly as possible to a designated senior representative of each Party. The designated senior representatives shall meet in person or via teleconference as soon as mutually practicable to consider ways to resolve the dispute on an informal basis. If the designated senior representatives are unable to resolve such dispute within thirty 30 days (or such other period as they may agree upon) of their first meeting, the dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth in Section 7.3.

**7.3 Arbitration**

Any arbitration initiated under this Article VII shall be referred to a neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, the Parties shall request the American Arbitration Association to designate a neutral arbitrator or agree upon a method for setting a panel of arbitrators. Any panel of arbitrators selected must contain at least one neutral arbitrator and must consist of an odd number of arbitrators. Each of the arbitrators selected shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except

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prior arbitration). The arbitrator(s) shall provide each of the Parties a chance to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable FERC regulations.

**7.4 Arbitration Decisions**

Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days after their appointment and shall notify the Parties in writing of such decision and the reasons therefor. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Agreement, and any related agreements or tariffs. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with FERC if it affects jurisdictional rates, terms and conditions of service or facilities.

**7.5 Costs**

Each Party shall be responsible for its own costs incurred during the arbitration process and its share of the costs for the arbitrator(s).

**7.6 Rights Under the Federal Power Act**

Nothing in this Article VII shall restrict the rights of any Party to file with FERC under the provisions of the Federal Power Act.

**ARTICLE VIII  
MARKET MONITORING**

**8.1 Scope of Market Monitoring**

8.1.1 The Cooperating RTOs agree to monitor the following markets or activities:

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- a) Attempts to create transmission constraints or to affect the provision of transmission service
- b) transmission, ancillary service and imbalance markets
- c) Congestion management market if run by RTOs
- d) Interaction with related markets

8.1.2 The Cooperating RTOs agree not to monitor the following markets or activities:

- a) Energy and capacity markets
- b) Generation market power except as related to RTO run markets

8.1.3 The market monitoring activities undertaken pursuant to this section shall be designed to fulfill the market monitoring requirements of each of the Cooperating RTOs.

**8.2 Provision of Market Monitoring Service**

8.2.1 The Cooperating RTOs shall solicit bids for, and hire, based upon those bids, an independent market monitor (IMM) to provide market monitoring service to all of the Cooperating RTOs.

8.2.2 The IMM shall:

- a) Assist in development of plan and creation of screens;
- b) Analyze activities or events which fail initial screens;
- c) Recommend efficiencies and improvements to RTO-run markets;
- d) Develop and file periodic reports with FERC and other appropriate regulatory agencies; and

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- e) Determine if RTOs markets which are run independently are compatible.

**8.3 Market Monitoring Committee**

8.3.1 The Cooperating RTOs shall create a Market Monitoring Committee, consisting of one (1) member appointed by each Cooperating RTO.

8.3.2 The Market Monitoring Committee shall:

- a) Be responsible for management of the agreement and interface with the IMM;
- b) Determine in concert with the IMM appropriate data collection and screens;
- c) Evaluate the need for remedies;
- d) Approve periodic reports;
- e) Propose new market monitoring activities as appropriate;
- f) Receive requests for investigations from market participants or regulators.

**8.4 Responsibilities of Cooperating RTOs**

Cooperating RTOs shall take the following actions in order to facilitate market monitoring:

- (a) Collect data ;
- (b) Determine failures to pass predetermined screens;
- (c) Perform initial evaluation of failures;
- (d) Identify non-screen related events;
- (e) Evaluate and recommend inter-RTO market effects.

## **8.5 Remediation Actions**

Upon recommendation of the IMM, the Market Monitoring Committee may suggest to the FERC such remedial actions and modification of market rules as may be within FERC's authority.

## **8.6 Cost-Sharing**

The costs of the IMM shall be shared among the Cooperating RTOs in proportion to their relative coincident peak loads.

# ARTICLE IX INTERCONNECTION AGREEMENTS

## **9.1 Development of a Common Generation Interconnection Agreement.**

9.1.1 The Cooperating RTOs shall negotiate to attempt to create a common *pro forma* Generator Interconnection Agreement for all generators that are attached to the Transmission Systems of the respective RTOs. This negotiation process would include a collaborative process explicitly including generators.

9.1.2 Such an Inter-RTO common *pro forma* Generator Interconnection Agreement should be developed at the earliest possible time so as to create certainty for the developers of necessary generation

## **9.2 Sovereignty of Commonly-developed pro forma Generator Interconnection Agreements.**

Once approved by FERC, an Inter-RTO common *pro forma* Generator Interconnection Agreement created pursuant to Section 9.1 would supercede prospectively any *pro forma* Generator Interconnection Agreements of the respective Cooperating RTOs or of Transmission Owner members of such Cooperating RTOs.

**ARTICLE X  
ONE-STOP SHOPPING**

**10.1 Objectives**

The Cooperating RTOs will work to facilitate One-Stop Shopping (OSS), where a Transmission Customer, on its own or through a OSS provider, could make a transaction across the transmission systems of multiple Cooperating RTOs through a single point of contact. The objectives of facilitating OSS are:

1. OSS should provide value to market participants while addressing FERC's concerns about the lack of procedures and rate structure to coordinate operation between adjacent transmission providers and regional entities and to facilitate efficient transmission.
2. OSS recommendations must be operationally efficient and administratively feasible.
3. OSS services must be consistent with or exceed the FERC OATT requirements and Order 2000.
4. OSS recommendations should be compatible with the processes, procedures and tariffs of the participating regional entities and individual transmission providers.

**10.2 General Cooperating RTO Actions**

Cooperating RTOs should work to:

1. Coordinate procedures and protocols to allow OSS and minimize differences where cost effective.
2. Offer OSS as an option that customers could select when initiating requests.
3. Coordinate and/or standardize modeling of the grid to provide consistent transmission capability results.
4. Consider modifications to hardware, software and communications systems to accommodate the necessary changes.

**10.3 Specific Cooperating RTO Actions**

In order to facilitate One-Stop-Shopping, Cooperating RTOs shall:

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1. Participate in a task force to: 1) coordinate and/or standardize procedures and protocols 2) Develop an implementation plan which may consider independent companies as providers of OSS. The task force should consider a phased in approach by first addressing those issues that are simpler to change and implement.
2. Consider modifications to their tariffs to accommodate changes once the coordination of procedures and protocols are agreed to.
3. Agree to dedicate resources so that OSS can be implemented as early as possible; at the same time, participants agree that OSS implementation should not delay RTO implementation.
4. Participate in ongoing enhancements, refinements and modifications as necessary.
5. Secure endorsements of organizations that wish to participate.

**ARTICLE XI**  
**MISCELLANEOUS PROVISIONS**

**11.1 Descriptive Headings: Appendices and Exhibits**

The descriptive headings of Articles and other provisions of this Agreement have been inserted for convenience of reference only and will not define, modify, restrict, construe or otherwise affect the construction or interpretation of any of the provisions of this Agreement. In the event of a conflict between this Agreement and any Appendix or Exhibit hereto, the Appendix or Exhibit shall prevail as the intent of the parties hereto. In the event of a conflict between this Agreement, including any Appendices, Attachments, or Exhibits, and the OATT of the Parties, the Appendices, Attachments, or Exhibits, and respective OATTs shall prevail as to the intent of the Parties hereto.

**11.2 Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.

### **11.3 Successors and Assigns**

This Agreement shall inure to the benefit of, and be binding upon, the Cooperating RTOs, their respective successors and assigns permitted hereunder, but shall not be assignable by any of the Cooperating RTOs (except by assignment to a wholly-owned affiliate of a Cooperating RTO) by operation of law or otherwise, without the approval of the remaining parties, which approval shall not be unreasonably withheld. A Cooperating RTO may not assign an obligation under this Agreement to an assignee that is not capable of fulfilling the assigned obligation.

### **11.4 No Implied Waivers**

The failure of a Cooperating RTO to insist upon or enforce strict performance of any of the specific provisions of this Agreement at any time will not be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon any such provisions, rights or remedies in that or any other instance, or as a waiver to any extent of any specific provision of this Agreement.

### **11.5 Representations and Warranties**

Each Cooperating RTO represents and warrants to the other Parties that, as of the date it executes this Agreement:

- (i) Subject to any necessary approvals by federal and state regulatory authorities, the Cooperating RTO's participation in this Agreement, the execution and delivery by the Cooperating RTO of this Agreement and the performance of its obligations hereunder have been duly and validly authorized by all requisite action on the part of the Cooperating RTO and do not conflict with any applicable law. This Agreement has been duly executed and delivered by the Cooperating RTO and this Agreement constitutes the legal, valid and binding obligation on the part of the Party, enforceable against it in accordance with its terms except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting the enforcement of creditor's rights generally, and



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by general principles of equity regardless of whether such principles are considered in a proceeding at law or in equity.

- (ii) There are no actions at law, suits in equity, proceedings or claims pending or, to the knowledge of the Cooperating RTO, threatened against the Cooperating RTO before or by any federal, state, foreign or local court, tribunal or governmental agency or authority that might materially delay, prevent or hinder the performance by the Cooperating RTO of its obligations hereunder.

**11.6 Further Assurances**

Each Cooperating RTO agrees that it shall hereafter execute and deliver such further instruments, provide all information and take or forbear such further acts and things as may be reasonably required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

**11.7 Delivery of Notices**

Notices required under this Agreement shall be in writing and shall be sent to a Cooperating RTO by U.S. mail, overnight courier, hand delivery, facsimile or other reliable electronic means. Any notice required under this Agreement shall be deemed to have been given either upon delivery, if by U.S. mail, overnight courier or hand delivery, or upon confirmation, if given by telecopier or other reliable electronic means to the respective Secretary of each of the Cooperating RTO at the principal place of business of such Party.

**11.8 Limitations on Liability**

No Cooperating RTO shall be liable to any other Party for any claim for indirect, incidental, special, consequential, or exemplary damages, including, but not limited to, the loss of profits or revenues, cost of financing, loss of goodwill and cost of replacement power arising from such Cooperating RTO carrying out, or failing to carry out, any obligations contemplated by this Agreement.

**11.9 Entire Agreement**

This Agreement, including any Appendix or Exhibit to this Agreement, constitute the entire agreement among the Cooperating RTOs with respect to the subject matter of this Agreement, and no previous or contemporary oral or written representations, agreements, or understandings made by any officer, agent, or employee of any Cooperating RTO shall be binding unless contained in this Agreement, including the Appendices and Exhibit attached hereto.

**11.10 Good Faith Efforts**

Each Cooperating RTO agrees that it shall in good faith take all reasonable actions necessary to permit such Party to fulfill its obligations under this Agreement. Where the consent, agreement or approval of any Cooperating RTO must be obtained hereunder, such consent, agreement or approval shall not be unreasonably withheld, conditioned or delayed. To the extent that the jurisdiction of any federal or state regulatory authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, each Cooperating RTO will cooperate with all other Parties to secure any necessary or desirable approval or acceptance of such regulatory authorities of such part of this Agreement and/or such transactions or actions. Each Cooperating RTO shall notify the other Parties of any delay in its ability to fulfill its obligations under this Agreement or any inability to fulfill its obligations under this Agreement.

**11.11 Third Party Agreements**

This Agreement shall not be construed, interpreted or applied in such a manner as to cause any Cooperating RTO to be in material breach, anticipatory or otherwise, of any agreement between such Party and one or more third parties who are not parties under this Agreement (regardless of the inclusion of one or more other parties as parties to such agreement) for the joint ownership, operation or maintenance of any electrical facilities affected by this Agreement.

**11.12 No Partnership**

This Agreement is not intended, and shall not be construed, interpreted or applied, to create a partnership or joint venture, and no Cooperating RTO shall be entitled to act as an agent for any other Cooperating RTO with respect to this Agreement.

**11.13 Dispute Resolution**

If any dispute arises among any of the Cooperating RTOs regarding the terms of this Agreement, it will be resolved in accordance with Article VIII of this Agreement.

**11.14 Effective Date and Termination**

This Agreement shall be deemed to be effective as of the date of its execution and delivery among the initial signatories hereto. This Agreement will terminate at such time as any Cooperating RTO notifies the other Cooperating RTO(s) in writing of its decision to cease participation in this Agreement.

**11.15 Amendments**

Any amendments shall be reduced to writing and shall require unanimous consent of the Parties, which consent shall not be unreasonably withheld.

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**Signature Page to the Inter-RTO Cooperation Agreement between the  
Alliance RTO and Southwest Power Pool**

Alliance Transmission Company Inc.

Southwest Power Pool, Inc.

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Southwest Power Pool  
COMMERCIAL PRACTICES COMMITTEE  
Recommendation to the Board of Directors  
February 20, 2001**

**Background**

The Regional Tariff Working Group (RTWG) is responsible for maintaining SPP's Open Access Transmission Tariff (OATT). Since SPP's tariff was filed in December of 1997, numerous enhancements have been made as a result of RTWG deliberations and SPP's overall collaborative processes in which customers play a big part in making recommendations for continued improvement. Each modification must first be approved by SPP's Board of Directors and then accepted by FERC.

**Analysis**

Based on many months of deliberation, the RTWG is recommending revisions in six specific areas of SPP's OATT as shown in the attached document.

**Recommendation**

The Commercial Practices Committee recommends that the Board of Directors approve the attached modifications to SPP's Tariff and subsequent filing with the FERC.

<b>Approved:</b> Regional Tariff Working Group	2/1/01
Commercial Practices Committee	2/5/01

**Action Requested:** Approve Recommendation

# **Regional Tariff Working Group Report**

**Commercial Practices Committee**

**February 5, 2001**

## **SPP Tariff Modification Revisions to Attachment P**

The specified changes to Attachment P are made to affect two things approved by the RTWG: to bring Attachment P timing specifications in synchronization with FERC Order 638 and to allow daily reservations to be submitted on the business day before NERC holidays and weekends. Required Order 638 changes have been made and footnote 4 has been added to allow additional lead time for reservations submitted prior to NERC holidays and weekends.

**ATTACHMENT P**

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than					No Later Than	No Earlier Than
Long Term Firm	1 Year or More	60 Days Prior		15 days	30 days	60 days	15 days	1000 day prior	20 min prior to hour
Short-Term Firm	More than 1 month (monthly)	30 days prior	120 days prior	24 hr	30 days	60 days	4 days	1000 day prior	20 min prior to hour
Short-Term Firm	1 mo (monthly)	8 days prior	90 days prior	4 days	30 days	60 days	4 days	1000 day prior	20 min prior to hour



SPP Tariff Attachment P - Proposed

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than					Changes No Later Than	No Later Than
Short-Term Firm	More than 1 wk up to 1 month (weekly)	8 days prior	60 days prior	24 hr	30 days	60 days	48 hr	1000 day prior	20 min prior to hour

SPP Tariff Attachment P - Proposed

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than					No Later Than	No Later Than
Short-Term Firm	1 wk (weekly)	2 days prior	30 days prior	24 hr	30 day	60 days	48 hr	1000 day prior	20 min prior to hour
Short-Term Firm	More than 1 day up to 1 wk (daily)	2 days prior	14 days prior	24 hr	30 days	60 days	24 hr	1000 day prior	20 min prior to hour
Short-Term Firm	1 Day (daily)	1000 day prior	3 days prior _4/	24 hrs	60 min	60 days	2 hr	1200 day prior	20 min prior to hour

SPP Tariff Attachment P - Proposed

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than					Changes	
Non-Firm	1 month or greater (monthly)	3 days prior	60 days prior	N/A	2 days	N/A	24 hr	1400 day prior	20 min prior to hour
Non-Firm	1 wk up to 1 mo (weekly)	2 days prior	14 days prior	N/A	4 hr	N/A	24 hr	1400 day prior	20 min prior to hour

SPP Tariff Attachment P - Proposed

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than		No Later Than	No Earlier Than			
Non-Firm	1 day up to 1 wk (daily)	1200 day prior	2 days prior_4/	N/A	30 min	N/A	2 hr	1400 day prior	20 min prior to hour
Non-Firm	1 hour up to 1 day (hourly)	1400 day prior or later if practicable	1200 day prior	N/A	30 min	N/A	5 min	1500 day prior	20 min prior to hour
Non-Firm w/o reservation priority of Sec. 14.2	next-hour (hourly)	30 minutes prior	1 hour prior	N/A	N/A	N/A	N/A 3/	N/A 3/	N/A 3/

## SPP Tariff Attachment P - Proposed

- 1/ For transactions not covered by an umbrella service agreement, the customer response must be execution of a service agreement or a request that an unexecuted service agreement be filed with the Commission pursuant to Section 15.3 of the Tariff. For transactions under an umbrella service agreement, the above times are the deadlines by which time the customer must notify The Transmission Provider of its acceptance of the offer to provide transmission.
- 2/ The Transmission Provider, in its discretion exercised on a non-discriminatory basis, may waive any of these requirements.
- 3/ All Non-Firm next-hour requests are deemed to be pre-confirmed and pre-scheduled.
- 4/ Excluding Sundays and NERC Holidays

**ATTACHMENT P**

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than					No Later Than	No Later Than
Long Term Firm	1 Year or More	60 Days Prior		15 days	30 days	60 days	15 days	1000 day prior	20 min prior to hour
Short-Term Firm	More than 1 month (monthly)	31 days prior	120 days prior	24 hr	30 days	60 days	<del>24 hr</del> 4 days	1000 day prior	20 min prior to hour
Short-Term Firm	1 mo (monthly)	8 days prior	90 days prior	24 hr	<del>30</del> 7 days	60 days	<del>24 hr</del> 4 days	1000 day prior	20 min prior to hour

SPP Tariff Attachment P - ~~Current~~ Compared

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than					Changes No Later Than	No Later Than
Short-Term Firm	More than 1 wk up to 1 month (weekly)	8 days prior	60 days prior	24 hr	307 days	60 days	48 24 hr	1000 day prior	20 min prior to hour

SPP Tariff Attachment P - ~~Current~~ Compared

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than					No Later Than	No Later Than
Short-Term Firm	1 wk (weekly)	2 days prior	30 days prior	24 hr	<del>30</del> 4 days	60 days	<del>48</del> 24 hr	1000 day prior	20 min prior to hour
Short-Term Firm	More than 1 day up to 1 wk (daily)	2 days prior	14 days prior	24 hr	<del>30</del> 4 days	60 days	24 hr	1000 day prior	20 min prior to hour
Short-Term Firm	1 Day (daily)	1000 day prior	3 days prior <del>_4/</del>	24 hrs	60 min	60 days	<del>60 min</del> 2 hr	1200 day prior	20 min prior to hour



SPP Tariff Attachment P - ~~Current~~ Compared

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than					Changes No Later Than	No Later Than
Non-Firm	1 month or greater (monthly)	3 days prior	60 days prior	N/A	2 days	N/A	24 hr	1400 day prior	20 min prior to hour
Non-Firm	1 wk up to 1 mo (weekly)	2 days prior	14 days prior	N/A	4 hr	N/A	<del>90 min</del> 24 hr	1400 day prior	20 min prior to hour

SPP Tariff Attachment P - ~~Current~~ Compared

Transmission Service Type	Term	Transmission Requests 2/		SPP Response to Application	Determine Capacity Available or System Impact Study (From Date of Customer Commitment)		Customer Response 1/	Energy Scheduling 2/	
		No Later Than	No Earlier Than		No Later Than	No Earlier Than			
Non-Firm	1 day up to 1 wk (daily)	1200 day prior	2 days prior_4/	N/A	30 min	N/A	<del>90 min</del> 2 hr	1400 day prior	20 min prior to hour
Non-Firm	1 hour up to 1 day (hourly)	1400 day prior or later if practicable	1200 day prior	N/A	30 min	N/A	<del>30 min</del> 5 min	1500 day prior	20 min prior to hour
Non-Firm w/o reservation priority of Sec. 14.2	next-hour (hourly)	30 minutes prior	1 hour prior	N/A	N/A	N/A	N/A 3/	N/A 3/	N/A 3/

## SPP Tariff Attachment P - ~~Current~~ Compared

- 1/ For transactions not covered by an umbrella service agreement, the customer response must be execution of a service agreement or a request that an unexecuted service agreement be filed with the Commission pursuant to Section 15.3 of the Tariff. For transactions under an umbrella service agreement, the above times are the deadlines by which time the customer must notify The Transmission Provider of its acceptance of the offer to provide transmission.
- 2/ The Transmission Provider, in its discretion exercised on a non-discriminatory basis, may waive any of these requirements.
- 3/ All Non-Firm next-hour requests are deemed to be pre-confirmed and pre-scheduled.
- 4/ ~~Excluding Sundays and NERC Holidays~~

## **SPP Tariff Modification Next Hour Market**

The SPP next hour market tariff mark-up reflects the tariff modifications proposed by NERC and approved by the FERC, included in the relevant sections of SPP's Tariff. These modifications to the SPP Tariff will provide for implementation of the next hour market in SPP.

**NEXT-HOUR-MARKET TARIFF PROVISIONS**

**1.26(a) Next-Hour-Market Service - Non-firm transmission service that (a) is reserved for one clock hour and (b) is requested within sixty (60) minutes before the start of the next clock hour for service commencing at the start of that clock hour.**

**14.2 Reservation Priority:** Non-Firm Point-To-Point Transmission Service shall be available from transmission capability in excess of that needed for reliable service to Native Load Customers, Network Customers, and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service and customers under other transmission tariffs or agreements taking network or firm point-to point transmission service from the Transmission Owner(s). A higher priority will be assigned to reservations with a longer duration of service involving the same Points of Receipt and Delivery. In the event the Transmission System is constrained, competing requests of equal duration involving the same points of Receipt and Delivery will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service; provided, however, this provision assigning priority based upon the highest price offered shall not affect the priority of transmission contracts not under this Tariff. Eligible Customers that have already reserved shorter term service have the right of first refusal to match any longer term reservation before being preempted. A longer term competing request for Non-Firm Point-To-Point Transmission Service will be granted if the Eligible Customer with the right of first refusal does not agree to match the competing request: (a) immediately for hourly Non-Firm Point-To-Point Transmission Service after notification by the Transmission Provider; and, (b) within 24 hours (or earlier if necessary to comply with the scheduling deadlines provided in section 14.6) for Non-Firm Point-To-Point Transmission Service other than hourly transactions after notification by the Transmission Provider. Transmission service for Network Customers and for network customers under Grandfathered Agreements involving the affected Transmission Owner(s) from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have

the second lowest reservation priority under the Tariff, and Non-Firm Point-To-Point Transmission Service used for Next-Hour-Market Service will have the lowest reservation priority under the Tariff.

14.6

**Scheduling of Non-Firm Point-To-Point Transmission Service:** All scheduling practices and schedules submitted by transmission Customers will be consistent with applicable North American Electric Reliability Council Policies and SPP Criteria. Transmission Customers shall submit all schedules electronically in a form specified by the Transmission Provider. Schedules for Non-Firm Point-To-Point Transmission Service, other than for Next-Hour-Market Service, must be submitted to the Transmission Provider in accordance with the times in Attachment P. Schedules submitted after the applicable time specified in Attachment P will be accommodated if practicable. Schedules for Non-Firm Point-To-Point Transmission Service for Next-Hour-Market Service must be submitted to the Transmission Provider no later than 20 minutes and no earlier than 60 minutes before the start of the next clock hour. Schedules submitted less than 20 minutes prior to the start of the next clock hour will be accommodated, if practicable. Hour-to-hour schedules of energy that is to be delivered must be stated in increments of 1,000 kW per. Transmission Customers within the Transmission Owner's service area (or Control Area) with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be accommodated in accordance with Attachment P. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party (unless reduced for losses) and shall deliver the capacity and energy provided by the Delivering Party. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

**14.7 Curtailment or Interruption of Service:** The Transmission Provider reserves the right to Curtail or cause to be Curtailed, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when, an emergency or other unforeseen condition threatens to impair or degrade the reliability of the Transmission System or the systems directly or indirectly interconnected with the Transmission Provider's Transmission System. The Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures specified in Attachment R. The Transmission Provider reserves the right to Interrupt (or to effect the Interruption of, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service under this Tariff or for firm transmission service provided by a Transmission Owner under a Grandfathered Agreement, (2) a request for Non-Firm Point-To-Point Transmission Service, from the same Point of Receipt to the same Point of Delivery, of greater duration under this Tariff or for non-firm transmission of greater duration provided by a Transmission Owner under a Grandfathered Agreement, (3) a request for Non-Firm Point-To-Point Transmission Service, from the same Point of Receipt to the same Point of Delivery, of equal duration with a higher price under this Tariff or for non-firm transmission of equal duration, from the same point of receipt to the same point of Delivery, with a higher price provided by a Transmission Owner under a Grandfathered Agreement, or (4) transmission service for Network Customers from non-designated resources under this tariff or under a Grandfathered Agreement. **Point-to-Point Transmission Service for Next-Hour-Market Service will always have the lowest priority.** The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a nondiscriminatory basis to the transaction(s) that effectively relieve the constraint; however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service under this Tariff or firm transmission service provided by a Transmission Owner under Grandfathered Agreements. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made **first to Next-Hour-Market Service and then to remaining transactions beginning with those** transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources

## Next Hour Mark-Up of SPP Tariff

other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a **higher priority than Next-Hour-Market Service, but will have a** lower priority than any **other** Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice. In the event that the Transmission Customer fails to cease or reduce service in response to a directive by the Transmission Provider, the Transmission Customer shall pay any applicable charges and the following penalty (in addition to the charges for all of the non-firm capacity used): 200% of the Non-Firm Point-to-Point Transmission Service Charge for the entire length of the reserved period not to exceed one month for the amount in excess of such capacity reservation. This penalty shall apply only to the portion of the service that the Transmission Customer fails to curtail in response to a Curtailment directive. These penalty revenues shall reduce the Transmission Provider's administrative costs.



**18.3 Reservation of Non-Firm Point-To-Point Transmission Service:** Attachment P lists the time requirements applicable to when the requests must be made, the evaluation of the requests, and the Transmission Customer responses and requests for Next-Hour-Market Service shall be submitted no earlier than 60 minutes before the start of the next clock hour. Requests for service, except for Next-Hour-Market Service, received later than the applicable time prior to the day service is scheduled to commence and requests for Next-Hour-Market Service submitted later than 20 minutes before the start of the next clock hour will be accommodated if practicable.

SCHEDULE 8

Non-Firm Point-To-Point Transmission Service

Newly added Section 4 (a)

4(a) Next-Hour-Market Service: The basic charge shall be that agreed upon by the Parties at the time this service is reserved and in no event shall exceed the applicable charges posted on OASIS. In the event that transmission service is curtailed or interrupted by the Transmission Provider, either acting directly or indirectly at the request of another transmission provider or a Security Coordinator, the Transmission Customer shall be charged only for that portion of the hour of actual transmission service used. The pro-rata portion must be agreed upon between the transmission provider and the transmission customer.

## **SPP Tariff Modification Proposed New Attachment Y**

The EOC has approved a three-phase implementation of a proposal to increase transmission utilization. The proposal rests on the premise that a flow reservation and a counter-flow reservation would exist as a pair that would necessarily be used simultaneously. Alternatively, where multiple reservations impact a constrained Flowgate, simultaneous use would be foregone.

At its January 18, 2001 meeting, the RTWG examined an implementation plan for this proposal and a draft Attachment Y Tariff modification to implement it. The RTWG approved development of an experimental Tariff modification that provides for the implementation of the first phase. In the event that additional phases are implemented, modifications to this Attachment Y will be made.

**ATTACHMENT Y**

**Flexible Use Transmission Service (Experimental)**

**1. Introduction**

**1.1. Definitions**

In addition to the definitions set out in Section I. 1. of this Tariff, the following definitions apply to this Attachment Y.

**1.1.1. Constrained Flowgate** - a flowgate whose loading or projected loading exceeds its rating less any appropriate margins.

**1.1.2. Counter-Flow Reservation** - a new request for transmission service or existing transmission reservation that has an unloading effect on the Constrained Flowgate. A Counter-Flow Reservation is a Relieving Reservation to the extent that it is used simultaneously with the Restricted Reservation.

**1.1.3. Positive-Flow Reservation** – an existing transmission reservation that has a loading effect on the Constrained Flowgate in the same direction as a Restricted Reservation. A Positive-Flow Reservation is a Relieving Reservation to the extent that its use is foregone simultaneously with the use of a Restricted Reservation.

**1.1.4. Relieving Reservation** – a new or existing firm reservation for transmission service that effectively removes the constraining flow caused by the Restricted Reservation on the Constrained Flowgate(s). Such reservation may be one that the Customer owns or has made the necessary arrangements to use for such

## **New Attachment Y to SPP's Tariff - Flexible Use Transmission Service (Experimental)**

purpose or one which has been redirected pursuant to Section 22 of this Tariff for the purpose of obtaining new service under this Attachment Y.

**1.1.5. Restricted Reservation** – a request for regional transmission service that cannot be accepted by SPP due to lack of ATC on one or more flowgates, but that may be accepted under the provisions of this Attachment Y.

### **1.2. Nature of Service**

If a Firm Point-To-Point Transmission Service request cannot be accommodated by SPP due to lack of ATC on one or more flowgates the Customer may submit or designate a Relieving Reservation that removes the constraining effects of the Restricted Reservation. The Relieving Reservation is analyzed for its effect on the Constrained Flowgate(s) and all other flowgates to ensure that it sufficiently offsets the impact of the Restricted Reservation and does not cause any other flowgates to become constrained. If the Relieving Reservation is approved, the Restricted Reservation will be approved also. When the Restricted Reservation is scheduled, SPP will determine how much, if any, of the Relieving Reservation must be or can be scheduled on a day-ahead basis to maintain flows on the constraint within its loading limits. SPP will not approve the Restricted Reservation schedule until the appropriate Relieving Reservation schedule is approved (in the case of a Relieving Reservation, submittal of the reduced schedule will suffice).

There are two types of Relieving Reservations that may be used to allow acceptance of the Restricted Reservation. The Customer may create a Relieving Reservation by submitting one or more requests with counter-flow impacts equal to or greater than the impacts of the Restricted Reservation on the Constrained Flowgate(s). This type is a

## **New Attachment Y to SPP's Tariff - Flexible Use Transmission Service (Experimental)**

Counter-Flow Reservation and may be submitted as a new request for service or a commitment to use an existing reservation. When necessary, a Counter-Flow Reservation must be scheduled simultaneously with the Restricted Reservation. The Customer may use the second type of Relieving Reservation by identifying an existing confirmed reservation owned by the Customer with positive-flow effects that are equal to or greater than the constraining effects of the Restricted Reservation on the Constrained Flowgate(s). This type is a Positive-Flow Reservation that, when necessary, will not be scheduled for use simultaneously with the use of the Restricted Reservation.

Only SPP reservations will be eligible for consideration as a Relieving Reservation.

Service under this Attachment Y shall be provided only for point-to-point transactions.

### **2. Experiment Description**

This Flexible Use Transmission Service is hereby implemented on an experimental basis.

During the experiment, Restricted and Relieving reservation pairs will be limited to monthly, and weekly firm reservations having service periods which end not later than the end of the experiment.

The duration of the experiment shall be one (1) year after the effective date of this Attachment Y. In the course of the experiment, SPP will assess the merit of continued offering of this service.

### **3. Use of Paired Reservations**

#### **3.1. Establishing Paired Reservations**

## **New Attachment Y to SPP's Tariff - Flexible Use Transmission Service (Experimental)**

There are two types of paired reservations, a Restricted Reservation associated with a corresponding Counter-Flow Relieving Reservation and a Restricted Reservation associated with a corresponding Positive-Flow Relieving Reservation.

### **3.2. Paired Reservation Submittal Procedures**

The Customer may submit a Relieving Reservation in the form of a Counter-Flow Reservation. The Counter-Flow Reservation may either be a new request submitted by the Customer or it may be an existing reservation that the Customer already owns or has made the necessary arrangements to use. If an existing reservation is to be used as a Counter-Flow Reservation the Customer must inform SPP by including the OASIS reference number of the existing Counter-Flow Reservation and the capacity to be assigned as a counter-flow along with the Restricted Reservation request. The capacity, or any fraction thereof, of a Counter-Flow Reservation may be linked to only one Restricted Reservation.

As an alternative to submitting a Counter-Flow Reservation, a Customer may submit an existing reservation with positive flow effects on the Constrained Flowgate(s) that are equal to or greater than the constraining effects of the Restricted Reservation. The Positive-Flow Reservation should be one that the Customer owns or has been assigned. By using a Positive-Flow Reservation as the Relieving Reservation, the Customer is giving up rights to use that reservation concurrently with the Restricted Reservation when necessary.

If a Positive-Flow Reservation is to be used as a Relieving Reservation, the Customer must inform SPP by including the OASIS reference number of the Positive-Flow

## **New Attachment Y to SPP's Tariff - Flexible Use Transmission Service (Experimental)**

Reservation and the capacity to be assigned as a Relieving Reservation along with the Restricted Reservation request. The capacity, or any fraction thereof, of a Positive-Flow Reservation may be linked to only one Restricted Reservation.

### **4. Charges for Flexible Use Transmission Service**

Customers shall be billed for all reservations made or used pursuant to the provisions of this Attachment Y, as well as associated losses and ancillary services, in accordance with this Tariff.

### **5. Scheduling Requirements**

When a Customer schedules against a Restricted Reservation, a tag must be submitted to SPP by the scheduling deadline for firm transmission service. SPP will not approve the tag until all firm schedules are known. After the scheduling deadline, SPP will use OASIS Automation to determine if the Constrained Flowgate(s) for which the Restricted Reservation has been purchased is (are) projected to be constrained for the next day. If the flowgate(s) is (are) projected to be constrained and a Counter-Flow Reservation is linked with the Restricted Reservation, SPP will establish the hourly counter-flow schedule profile necessary to relieve the Constrained Flowgate(s). The amount of constraining flow that must be relieved is the product of the amount by which the Constrained Flowgate is overloaded by firm transactions and the ratio of the contribution to flowgate loading of the Restricted Reservation schedule to the total contribution to flowgate loading of all Restricted Reservation schedules. If OASIS Automation does not project the Constrained Flowgate to be overloaded for the next day, no counter-flow schedule will be required. If OASIS Automation indicates that a counter-flow schedule will be required for the next day, the



## **New Attachment Y to SPP's Tariff - Flexible Use Transmission Service (Experimental)**

hourly profile of that schedule will be capped at the capacity of the Counter-Flow Reservation. The NERC MRD tag format or other similar format will be used to schedule the Counter-Flow Reservation. The Counter-Flow Reservation schedule must be submitted by the scheduling deadline for non-firm transmission service. If a Counter-Flow Reservation schedule is not received by that deadline, the Restricted Reservation schedule will be canceled.

If the Constrained Flowgate(s) is (are) projected to be constrained, and a tag using the Positive-Flow Reservation was submitted and approved prior to the scheduling deadline, SPP will establish the maximum hourly Restricted Reservation schedule profile that may flow simultaneous with the Positive-Flow Reservation schedule. The amount of constraining flow that must be relieved is the product of the amount the Constrained Flowgate is overloaded by firm transactions and the ratio of the contribution to flowgate loading of the Restricted Reservation schedule to the total contribution to flowgate loading of all Restricted Reservation schedules. This amount of relief will be achieved by curtailing the appropriate amount of the Positive-Flow Reservation schedule or the Restricted Reservation schedule. If no tag using the Positive-Flow Reservation was submitted and approved or if OASIS Automation does not project the Constrained Flowgate (s) to be overloaded, the Restricted Reservation schedule will be allowed to flow. Once the amount of Restricted Reservation and Positive-Flow Reservation that can be simultaneously scheduled is set, SPP will not approve any additional simultaneously scheduled amount.

### **6. Curtailment of Restricted and Relieving Reservations**

## **New Attachment Y to SPP's Tariff - Flexible Use Transmission Service (Experimental)**

If TLR occurs on the Constrained Flowgate for which a Restricted Reservation schedule and its associated Counter-Flow Reservation schedule are flowing, SPP will not curtail the transaction unless it is determined that the counter-flow is not effective. In this case, it would be curtailed proportionately with all other firm transactions. If the Restricted Reservation schedule is curtailed, the Customer will have the choice of interrupting the Counter-Flow Reservation schedule. If the Counter-Flow Reservation schedule is curtailed due to TLR, the Restricted Reservation schedule will also be curtailed. If the Restricted Reservation schedule is curtailed due to TLR on a flowgate other than the flowgate(s) for which the Counter-Flow Reservation is arranged to protect, the Customer will have the option of interrupting the Counter-Flow Reservation schedule.

### **7. Redirection of Service Provided Hereunder**

Firm Relieving and Restricted Reservations may be redirected to any unconstrained path, pursuant to Section 22 of this Tariff. Additionally, such reservations may be redirected to a constrained path, provided that a corresponding new Relieving Reservation is established.

## **SPP Tariff Modification**

### **Section 13.7**

A recent scheduling error by a customer prompted the RTWG to consider and ultimately approve a change in section 13.7 of the tariff to include a penalty provision in the amount of 200% of the actual excess use. In conjunction with that change, the RTWG directed SPP Staff to implement a scheduling software revision that would permit it to compare all schedules to corresponding reservations and reject all over-schedules.

## Proposed RTWG Language

13.7(c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. In the event that a Transmission Customer (including Third-Party Sales by a Transmission Owner) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay the following penalty (in addition to the applicable charges for all of the firm capacity actually used): 200% of the Firm Point-to-Point Transmission Service charge for the period for which the additional service was actually used. The charges for the additional service shall be based upon the duration of the

## Proposed RTWG Language

period when the additional capacity was used. For example, one hour would be billed at the charge for weekday deliveries. The Transmission Provider shall compensate the Transmission Owners for 100% of the Firm Point-to-Point Transmission Service charge for the period for which they have provided service. The penalty revenues in excess of that amount shall be used to reduce the Transmission Provider's administrative costs. For the amounts exceeding reserved capacity, the Transmission Customer also must replace losses as required by this Tariff.

## Current and Proposed Compared

[13.7(c)] The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Section 22. In the event that a Transmission Customer (including Third-Party Sales by a Transmission Owner) exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay the following penalty (in addition to the **[applicable]** charges for all of the firm capacity **[actually]** used): 200% of the Firm Point-to-Point Transmission Service charge for the ~~{entire length of the reserved period but not exceeding one month for the amount in excess of such reserved capacity}~~ **[period for which the**

## Current and Proposed Compared

additional service was actually used. The charges for the additional service shall be based upon the duration of the period when the additional capacity was used. For example, one hour would be billed at the charge for weekday deliveries]. The Transmission Provider shall compensate the Transmission Owners for 100% of the Firm Point-to-Point Transmission Service charge for the period for which they have provided service. The penalty revenues in excess of that amount shall be used to reduce the Transmission ~~{Providers}~~ **[Provider's]** administrative costs. For the amounts exceeding reserved capacity, the Transmission Customer also must replace losses as required by this Tariff.

**SPP Tariff Modification**  
**Sections 2.2 and 22**  
**Revised**

Subsequent to extensive discussion of right-of-first-refusal issues by the RTWG, it recommends the specified changes to sections 2 and 22 of the SPP Tariff. These changes have been made to clarify the rights and obligations of incumbent and new customers and clarify challenge procedures.

A minor revision to the language was approved by the RTWG at its February 1, 2001 meeting. The Tariff segments attached hereto reflect those approved revisions.



## Proposed RTWG Language

### **2.2 Reservation Priority For Existing Firm Service Customers:**

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of one-year or more, and retail) of the Transmission Owner(s) or Transmission Provider have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Owner(s) or elects to purchase capacity and energy from another supplier. If at any time during the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to the longest term competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer. This reservation priority only applies to the facilities of the Transmission Owner(s) where such facility costs have been included as part of the firm service rates that the firm service customer has been paying. If competing existing firm service requirements customers apply for service that cannot be fully provided, the priority rights will be ranked in accordance with first-come, first-served principles. If firm service customers tie, then the capacity for which they receive priority rights under this Tariff shall be apportioned on a pro rata basis.

### **2.3 Procedures For Exercising Transmission Reservation Priority Rights:**

## Proposed RTWG Language

(a) If, at any time, the Transmission Provider receives a request from an Eligible Customer for new firm transmission service that the Transmission Provider determines it could not accept without performing a System Impact Study if an existing customer were to exercise its transmission reservation priority pursuant to Section 2.2, the Transmission Provider shall notify such Eligible Customer that execution of a contingent service agreement shall be required within fifteen (15) days of such notification. Such service agreement shall be contingent on the outcome of these procedures. The Transmission Provider shall concurrently notify the existing customer of the new request. Within sixty (60) days after written notification by the Transmission Provider of execution of a contingent service agreement by the competing customer, the existing customer must inform the Transmission Provider whether it exercises its reservation priority pursuant to Section 2.2 and agrees to accept a contract term at least equal to the new request for the amount of the competing request. For amounts of service in excess of those sought in the competing request(s), the existing customer shall maintain its reservation priority without taking any further action except for those actions required under Section 2.3 (c) or in response to future competing requests. In the event an existing customer does not exercise its reservation priority or fails to respond within such time period, the existing firm service customer shall forfeit its reservation priority to the competing customer(s). In the event that the competing customer(s) do not reserve all of the forfeited rights of

## Proposed RTWG Language

the existing customer, the reservation priority will return to the existing customer.

(b) In the event that a System Impact Study is necessary, the customer that is provided the reservation shall bear the cost of the study except to the extent that the competing customer is provided any portion of its reservation. In such instance the competing customer shall bear the cost of the study.

(c) In the event an existing firm service customer does not receive a notification pursuant to Section 2.3(a), then the existing customer must notify Transmission Provider no later than sixty (60) days prior to the end of the term of its firm transmission contract that it is exercising its transmission reservation priority and will take transmission service for an additional term of one year or longer; otherwise it shall forfeit the transmission reservation priority associated with the contract.

## Proposed RTWG Language

### 22 Changes in Service Specifications

**22.1 Modifications On a Non-Firm Basis:** The Transmission Customer taking Firm Point-To-Point Transmission Service may request the provision of transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement for Long-Term Firm Transmission Service or the confirmed Application for Short-Term Transmission Service ("Secondary Receipt and Delivery Points"), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-to-Point Transmission Service charge (except as provided in Section 22.1a) or executing a new Service Agreement for Long-Term Firm Transmission Service or submitting a new Application for Short-Term Firm Transmission Service, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or under any other transmission tariff or agreement where the service is being provided by the Transmission Owner or by the Transmission Owner on behalf of its (their) Native Load Customers.
- (b) The sum of all Firm and Non-Firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement for Long-Term Firm Transmission or Application

## Proposed RTWG Language

for Short-Term Firm Transmission Service under which such services are provided.

- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement for Long-Term Firm Transmission or Application for Short-Term Firm Transmission Service in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Part II of the Tariff (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

**22.1a Additional Charge To Prevent Abuse:** If a Transmission Customer making the modifications in Section 22.1 takes service over a transmission path that costs more than the path the Transmission Customer initially reserved, then for the service the Transmission Customer schedules, the Transmission Customer shall pay in addition to the amounts based on its initial reservation the additional costs (i.e., the difference between the zonal rates) associated with the new path. In addition, the Transmission Customer shall replace losses (in accordance with Attachment M) and pay for any redispatch costs (as determined in accordance

## Proposed RTWG Language

with Attachment K) based on the actual transmission path used.

**22.2 Modification On a Firm Basis:** Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement for Long-Term Firm Transmission Service or confirmed Application for Short-Term Firm Transmission Service. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement for Long-Term Firm Transmission Service or confirmed Application for Short-Term Firm Transmission Service. In any instance where the remaining term of service, after modification pursuant to this provision, is less than twelve (12) months the transmission customer will not have rights of reservation priority.

**2.2 Reservation Priority For Existing Firm Service Customers:**

Existing firm service customers (wholesale requirements and transmission-only, with a contract term of one-year or more, and retail) of the Transmission Owner(s) or Transmission Provider have the right to continue to take transmission service from the Transmission Provider when the contract expires, rolls over or is renewed. This transmission reservation priority is independent of whether the existing customer continues to purchase capacity and energy from the Transmission Owner(s) or elects to purchase capacity and energy from another supplier. If at ~~{the end of}~~ **[any time during]** the contract term, the Transmission Provider's Transmission System cannot accommodate all of the requests for transmission service, the existing firm service customer must agree to accept a contract term at least equal to ~~{a}~~ **[the longest term]** competing request by any new Eligible Customer and to pay the current just and reasonable rate, as approved by the Commission, for such service. This transmission reservation priority for existing firm service customers is an ongoing right that may be exercised at the end of all firm contract terms of one-year or longer. This reservation priority only applies to the facilities of the Transmission Owner(s) where such facility costs have been included as part of the firm service rates that the firm service customer has been paying. If competing existing firm service requirements customers apply for service that cannot be fully provided, the priority rights will be ranked in accordance with first-come, first-served principles. If firm service customers tie, then the capacity for which they receive priority rights under this Tariff shall be apportioned on a pro rata basis.

**[2.3 Procedures For Exercising Transmission Reservation Priority Rights:**

(a) If, at any time, the Transmission Provider receives a request from an Eligible Customer for new firm transmission service that the Transmission Provider determines it could not accept without performing a System Impact Study if an existing customer were to exercise its transmission reservation priority pursuant to Section 2.2, the Transmission Provider shall notify such Eligible Customer that execution of a contingent service agreement shall be required within fifteen (15) days of such notification. Such service agreement shall be contingent on the outcome of these procedures. The Transmission Provider shall concurrently notify the existing customer of the new request. Within sixty (60) days after written notification by the Transmission Provider of execution of a contingent service agreement by the competing customer, the existing customer must inform the Transmission Provider whether it exercises its reservation priority pursuant to Section 2.2 and agrees to accept a contract term at least equal to the new request for the amount of the competing request. For amounts of service in excess of those sought in the competing request(s), the existing customer shall maintain its reservation priority without taking any further action except for those actions required under Section 2.3 (c) or in response to future competing requests. In the event an existing customer does not exercise its reservation priority or fails to respond within such time period, the existing firm service customer shall forfeit its reservation priority to the competing customer(s). In the event that the competing customer(s) do not reserve all of the forfeited rights of



the existing customer, the reservation priority will return to the existing customer.

- (b) In the event that a System Impact Study is necessary, the customer that is provided the reservation shall bear the cost of the study except to the extent that the competing customer is provided any portion of its reservation. In such instance the competing customer shall bear the cost of the study.
- (c) In the event an existing firm service customer does not receive a notification pursuant to Section 2.3(a), then the existing customer must notify Transmission Provider no later than sixty (60) days prior to the end of the term of its firm transmission contract that it is exercising its transmission reservation priority and will take transmission service for an additional term of one year or longer; otherwise it shall forfeit the transmission reservation priority associated with the contract.]

**22 Changes in Service Specifications**

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(a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or under any other transmission tariff or agreement where the service is being provided by the Transmission Owner or by the Transmission Owner on behalf of its (their) Native Load Customers.

(b) The sum of all Firm and Non-Firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement for Long-Term Firm Transmission or Application

## Current and Proposed RTWG Language Compared

for Short-Term Firm Transmission Service under which such services are provided.

- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement for Long-Term Firm Transmission or Application for Short-Term Firm Transmission Service in the amount of its original capacity reservation.
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**22.1a Additional Charge To Prevent Abuse:** If a Transmission Customer making the modifications in Section 22.1 takes service over a transmission path that costs more than the path the Transmission Customer initially reserved, then for the service the Transmission Customer schedules, the Transmission Customer shall pay in addition to the amounts based on its initial reservation the additional costs (i.e., the difference between the zonal rates) associated with the new path. In addition, the Transmission Customer shall replace losses (in accordance with Attachment M) and pay for any redispatch costs (as determined in accordance

## Current and Proposed RTWG Language Compared

with Attachment K) based on the actual transmission path used.

**22.2 Modification On a Firm Basis:** Any request by a Transmission Customer to modify Receipt and Delivery Points on a firm basis shall be treated as a new request for service in accordance with Section 17 hereof, except that such Transmission Customer shall not be obligated to pay any additional deposit if the capacity reservation does not exceed the amount reserved in the existing Service Agreement for Long-Term Firm Transmission Service or confirmed Application for Short-Term Firm Transmission Service. While such new request is pending, the Transmission Customer shall retain its priority for service at the existing firm Receipt and Delivery Points specified in its Service Agreement for Long-Term Firm Transmission Service or confirmed Application for Short-Term Firm Transmission Service. **[In any instance where the remaining term of service, after modification pursuant to this provision, is less than twelve (12) months the transmission customer will not have rights of reservation priority.]**

## **SPP Tariff Modification TLR Procedures - Attachment R**

The TLR Procedures, currently incorporated in SPP's Tariff as Attachment R, have been modified by NERC. The RTWG recommends a modification to Attachment R, taking one of two forms. The current Attachment R may be replaced by a statement referencing "currently effective NERC TLR procedures" and might including a reference to the NERC website. Alternatively, the current TLR procedures may be included in the Tariff as Attachment R. In determining the preferred option, consideration might be given to the fact that the TLR procedures have been changing at least annually.

**Southwest Power Pool  
COMMERCIAL PRACTICES COMMITTEE  
Recommendation to the Board of Directors  
February 20, 2001**

**Background**

The Congestion Management Systems Working Group (CMSWG) was formed to design real-time rules for market based congestion management within SPP.

**Analysis**

Based on several months of deliberation, the CMSWG published the attached white paper on market design and is recommending approval of the following cornerstone principles to guide their continued work:

Cornerstone principles for Real Time Market Design:

- Balanced/unbalanced schedules;
- Covered/uncovered transmission;
- Physical transmission rights function as financial rights;
- LMP is ex-post based on actual generation and load;
- Aggregation of bilateral and spot;
- RTO responsible for reliability, scheduling, load forecasting; and
- Minimize the RTO's need to take a financial position.

Cornerstone principles for Forward Markets:

- SPP issues Financial Congestion Hedges (FCH);
- Schedules and physical delivery permitted without rights; and
- The holder of FCH is paid rents or revenues collected from customer for congestion minus payments made to generators to relieve congestion.

Cornerstone principles for conversion of existing transmission rights:

- Existing agreements do not lose benefits;
- All firm wholesale and retail customers are entitled to a share of the FCHs; Same priority of service for all SPP transmission w/ POW inside SPP; and
- Transactions w/ POW inside SPP curtailed on a non-discriminatory basis.

**Recommendation**

The Commercial Practices Committee recommends that the Board of Directors approve the CMSWG cornerstone principles to guide their continued work on real-time market design.

**Approved:** Congestion Market Settlement Working Group  
Commercial Practices Committee

1/24/01  
2/5/01

**Action Requested:** Approve Recommendation

## **8.0 CONTROL AREA CERTIFICATION**

An entity seeking to be recognized as a Control Area operating within SPP must be a member of SPP and must attain and maintain Control Area certification. Control Area certification will be performed by SPP pursuant to NERC approved Control Area Criteria and certification procedures to be developed and maintained by the Security Working Group. These certification procedures will be publicly available by posting on the SPP home page.

# SPP Control Area Criteria and Certification Procedures V1.0

## I. NERC Control Area Criteria

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### *Criteria Subsections*

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- A. Confirmation as a Control Area
  - B. Criteria
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### *Introduction*

These Criteria establish the requirements for consideration as a NERC CONTROL AREA. They are based on existing NERC Operating Policies and Standards.

## A. Confirmation as a Control Area

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- 1. **Confirmation by Southwest Power Pool.** To be recognized as a NERC-Certified CONTROL AREA, the entity must be reviewed and confirmed by SPP. The entity must be a member of SPP and meet and follow all of these requirements.

## B. Criteria For A Control Area

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### NERC Criteria

- 1. **Generation.** The CONTROL AREA shall operate generation or have the necessary contracts to operate generation to:
  - 1.1. Meet its area instantaneous demand, INTERCHANGE SCHEDULE, OPERATING RESERVE, and Reactive resource requirements.
  - 1.2. Provide its frequency bias obligations.
  - 1.3. Balance its NET ACTUAL INTERCHANGE and NET SCHEDULED INTERCHANGE
  - 1.4. Use tie-line bias control (unless doing so would be adverse to system or the INTERCONNECTION reliability).
  - 1.5. Comply with Control Performance and Disturbance Control Standards (see Policy 1E, “Generation Control and Performance – Performance Standard”)
  - 1.6. Repay its INADVERTENT INTERCHANGE balance. (see Policy 1F, “Generation Control and Performance – Inadvertent Interchange”)



2. **Metering.** The CONTROL AREA shall have meters on all tie lines with adjacent CONTROL AREAS to record actual interchange (MW and MWH) in real time. INTERCHANGE meters shall be at a location common to both CONTROL AREAS, and shall provide identical values with opposite signs to both CONTROL AREAS.
3. **Communications.** Shall provide adequate and reliable communication facilities to assure the exchange of information necessary to maintain Interconnection reliability.
4. **Transmission arrangements.** Shall have appropriate transmission arrangements (through ownership or contracts) to meet its generation or load obligations.
5. **System operators.** Shall be operated by NERC-certified system operators 24 hours per day, seven days per week.
6. **E-tag services.** Shall provide E-Tag Tag Authority and Tag Approval services. (Eastern and Western Interconnections)
7. **Performance surveys.** Shall comply with performance survey requirements. (see Policy 1G, “Generation Control and Performance – Control Surveys”)
8. **Back-up Control Center.** Shall provide a plan to continue operation in the event its control center becomes inoperable.
9. **Coordination.** Shall coordinate maintenance and protective relaying, with other systems and the Security Coordinator, that may affect reliability.
10. **System Restoration.** Shall have a restoration plan to reestablish its electric system and cover emergency conditions.
11. **Compliance with NERC Operating Policies and Standards.** Shall have knowledge of and comply with all NERC approved Policies and Standards as currently posted.

### SPP Criteria

1. A Control Area must be a member of SPP and adhere to all of SPP’s Criteria.
2. A Control Area shall share operating data in accordance to SPP Criteria 5.1.
3. A Control Area shall notify the Security Coordinator of an operating condition that may adversely affect reliability, coordinate scheduled transmission outages and meet other requirements in accordance to SPP Criteria 5.2.
4. A Control Area must be a participant in SPP’s Operating Reserve Program as defined by SPP Criteria 6.6.1 and in accordance to SPP Criteria 6.0.
5. A Control Area must have automatic under frequency relaying to curtail load in accordance to SPP Criteria 7.3.
6. A Control Area shall reduce their area load during a generation deficiency until the available generation is sufficient to match their area load, in accordance to SPP Criteria 7.3.

## **Southwest Power Pool Control Area Criteria and Certification Procedures**

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7. A Control Area shall have a detailed black start plan and train personnel in its implementation in accordance to SPP Criteria 9.0. The plan shall be on file at the SPP office.
8. A Control Area shall have a satellite phone that meets the SPP emergency communication requirements under SPP Criteria 10.0.
9. A Control Area shall participate in SPP's Transmission Line Loading Relief Procedures.

## II. Control Area Certification Procedures

### Background

To be recognized as a NERC control area the NERC Operating Committee requires that an entity seeking recognition as a control area be certified by the Region where the entity proposes to operate. This describes the process by which an entity can be certified by SPP as a control area. The SPP Board of Directors shall have the sole authority for certifying a control area in SPP.

Any entity that desires to operate within SPP as a control area must be an SPP member and must attain and maintain SPP control area certification. All generation, transmission, and load within the metered boundaries of an SPP-Certified Control Area shall meet and follow all SPP Criteria.

### Certification Process

The primary steps in the Control Area Certification Procedure, and the entity responsible for each step, are as follows:

1. Process Initiation – Entity seeking certification  
the “Applicant”
2. Provision of criteria, process, documentation, etc. – NERC and SPP
3. Formation of Certification Review Team – SPP
4. Data collection – SPP
5. Data review – SPP Review Team
6. Site visit – SPP (Review Team)
7. Recommendation – SPP (Review Team)
8. Certification – SPP
9. Notification and Operations Authorization – NERC

While not specifically referenced in this document, as with all NERC Standards, SPP’s specific requirements and guidelines are used in conjunction with (but not in place of) the NERC Control

Area Certification Procedure. The Certification Process shall be completed in a maximum allowable time of six months from the initiation of the process.

**Control Area Certification Procedure**

1. Any entity seeking certification as a Control Area (the “Applicant”) will initiate the certification process by making a formal request to the NERC Office.
2. NERC will notify all appropriate and involved parties and provide each with the necessary information regarding Control Area certification, the certification process, and the duties expected from each entity.
3. If the Applicant’s area of operation is within SPP, SPP will be notified by NERC and will be responsible for conducting the formal review process and determining and awarding certification.
4. The Applicant and SPP shall agree to a time schedule to complete the certification process including specific milestones and a certification date. The SPP Control Area Certification Procedure and certification recommendation shall be completed within six months of the date when the initial request was received by NERC.
5. SPP will provide forms and questionnaires that will be used by all entities involved in the Procedure. These forms and questionnaires will be used to address the Applicant’s capabilities and actions as they relate to previously established Control Area requirements. The following list of entities will be recipients of the questionnaires as each is a source of necessary certification information and data:
  - Applicant (i.e. entity seeking Control Area certification)
  - Control Areas physically interconnected with the Applicant
  - SPP Security Coordinator
6. SPP will provide its expectations and standards regarding confidentiality and retention of all data reporting, completed questionnaires and forms, and reports and recommendations associated with the documentation it provides and receives.
7. SPP will select and assemble a balanced Certification Review Team to be charged with the responsibility of determining if the Applicant meets NERC and SPP Control Area Criteria. The Review Team will typically consist of the following:

- SPP Engineering and Operating Committee member (Review Team chair)
  - SPP Security Working Group member
  - SPP Transmission Assessment Working Group member
  - SPP Commercial Practices Committee member
  - SPP Security Coordinator
  - Representative from NERC
  - Representative from another NERC region
8. All Review Team members will be agreed to by the Applicant and SPP, and will subject themselves to confidentiality agreements for any data that is made available to them through the certification review process.
9. The Review Team will formulate its certification decision based strictly on data collected from the questionnaires and from observations and information collected during an on-site visit to the Applicant's facility. The Review Team's recommendation will be supported by the production of a compliance evaluation review form and a formal report.
10. The Review Team will conduct at least one on-site visit to the Applicant's control center facility. During the visit, Review Team members will:
- Review with the Applicant the data collected through the questionnaires,
  - Interview the Applicant's operations and management personnel,
  - Inspect the Applicant's facilities and equipment, and
  - Review all necessary documents and data.
11. The Review Team will conclude its initial findings with a report to the Applicant and to the SPP Board containing a recommendation to certify or withhold certification. If the recommendation is to withhold certification, specific areas of deficiency, corrective action items, and a timetable for performing these corrections must be identified and communicated.
12. The Review Team will re-evaluate the Applicant in the deficient areas if the corrective actions occur within the timetable. The Review Team will be responsible for any follow-up work that is needed and continue such work until a "certify/deny" decision is made.

13. The SPP Board will consider the Review Team's recommendation and approve or disapprove the recommendation.
14. When the SPP Board of Directors grants certification status to the Applicant, SPP Staff will notify the Applicant and NERC.
15. Upon receiving notification from SPP that the Applicant has been certified as a Control Area, NERC will notify all of the necessary entities and authorize the Applicant to begin its Control Area operations. Control Area operations shall not begin or continue without this NERC authorization.

## III. SPP Questions to be Included in Questionnaires

### Compliance and Evaluation

- Does the Applicant's EMS/SCADA system have the capability to supply operating data to SPP as required in Criteria 5.1?
- The Applicant has an ARS terminal installed and personnel trained in its use?
- The Applicant has established procedures in place to meet all reporting requirements.
- Does the Applicant have procedures in place to coordinate scheduled transmission outages with the SPP Security Coordinator?
- Does the Applicant have automatic under-frequency relaying installed to meet SPP Criteria?
- Does the Applicant have documentation showing the operating frequency level for the under-frequency relaying?
- Does the Applicant have documentation showing the amount of load to be curtailed for each operating frequency?
- Does the Applicant have procedures in place to curtail load during generation deficiencies?
- Does the Applicant have a black start plan on file with SPP?
- Is its personnel trained in its implementation?
- Does the Applicant have a satellite phone for SPP's emergency communications?
- Does the Applicant have procedures in place to participate in SPP's Transmission Line Loading Relief (TLR)?
- Is the Applicant connected to the SPP frame relay network and have terminal equipment in place?
- Does the Applicant understand SPP's Criteria?
- Has the Applicant completed the Applicant Questionnaire?

### Adjacent Control Areas

- Has the Applicant coordinated emergency operating plans with you?

## **Security Coordinator**

- Is the Applicant able to meet all reporting requirements?
- Has the Applicant's data been established in the ARS?
- Has the Applicant's system been modeled in SPP's network model and linked to their ICCP data?
- Has SPP received the ICCP data from the Applicant?
- Has the Applicant demonstrated the ability to communicate with SPP by satellite phone?
- Does the Applicant have a black start plan on file?

## **SPP Region**

- Is the Applicant a member and signed the membership agreement?





# NORTH AMERICAN ELECTRIC RELIABILITY COUNCIL

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Princeton Forrestal Village, 116-390 Village Boulevard, Princeton, New Jersey 08540-5731

## Board of Trustees Meeting

February 12–13, 2001  
Scottsdale, Arizona

## Highlights of the Meeting

**NERC/NAERO Transition** — The NERC Board voted 38–3 to accept the reports and recommendations of its three Task Groups formed in October 2000 — Governance, Compliance, and Funding — marking a major step forward in the transition of NERC to NAERO in advance of federal reliability legislation. The NERC Board will meet in special session on March 30 to finalize the approval of changes to its Certificate of Incorporation and Bylaws, which will turn over governance of NERC to its nine independent Trustees plus the President of NERC. These changes will also create a Stakeholders Committee, composed initially of the current non-independent members of the NERC Board, to provide advice and recommendations to the new independent Board. In addition to these changes to its governance, the NERC Board also agreed to move forward with plans to implement a contract-based compliance enforcement model in which Regional Councils enforce compliance with selected NERC and Regional standards, including the imposition of monetary penalties and other sanctions, with NERC having responsibility for oversight, coordination, and assessment of effectiveness of the Regional programs. Finally, NERC will incorporate the concept of “user fees” in its budget process, and seek recognition and support from federal, state, and provincial regulators for recovery through rates of the costs of funding NERC and the ten Regional Reliability Councils.

**Flow Impact Study Tool** — The Board approved the development of a Flow Impact Study Tool (FIST) by summer 2001. FIST is an extension to the existing Interchange Distribution Calculator, which provides: a) information before-the-fact (1 to 36 hours ahead) on the potential loading of energy interchange transactions on critical flowgates in the Eastern Interconnection; and b) a study mode that allows reliability and market personnel to study the impacts of hypothetical transactions. User fees, beginning in August 2001, will recover the initial development costs, as well as ongoing maintenance costs.

**Market-Reliability Interface Collaborative Planning Initiative** — The Board approved a set of recommended NERC actions in response to the Search Conference report, and directed the NERC Standing Committees and staff to: a) review the identified actions, b) consider these actions as high priorities in setting their work goals, and c) report results to the Board. Any projects that cannot be completed in the course of normal committee activities would be subject to the NERC technical and financial approval process.

NERC Board of Trustees Meeting Highlights  
February 12–13, 2001

**Election of Board Members** — The Board elected Mr. W. Terry Boston, Executive Vice President, Transmission/Power Supply Group, Tennessee Valley Authority, to be an “additional Trustee” representing the federal segment, serving through June 2002, and re-elected John Q. Anderson, Thomas W. Berry, and Sharon L. Nelson to the Board for three-year terms as independent Trustees, through February 2004.

**Future Meetings** — A special meeting of the Board will be held March 30, 2001 in Chicago, Illinois. The new independent Board and Stakeholders Committee will hold their initial organizational meetings immediately following the special Board meeting.