



**Helping our members work together
to keep the lights on...
today & in the future**



Wind DNR
Cost Allocation Proposals
SPP Response to CAWG January 30, 2008

Wind DNR Cost Allocation

SPP presentation to CAWG January 30, 2008

Review of Existing DNR Cost Allocation Measures

- **For Base Plan funding, Examine Existing, 1/3 Regional, 2/3 MW-Mile Impacts**
- **Consider:**
 - 1/3 Regional
 - 1/3 MW-Mile Impacts
 - 1/3 Load

Different treatment for transmission expansion to deliver DNRs located in SPP?

- **Cost allocations for wind DNRs serving SPP load may not be appropriate for transmission expansion to accommodate large exports of wind capacity/energy off the SPP grid**
- **How can SPP be non-discriminatory in the provision of interconnection and delivery service if we have favorable treatment of DNRs to serve SPP loads?**
- **Is our goal to promote wind development in SPP, but only for SPP loads?**

Is MW-MI an Appropriate Allocation Tool?

Challenge MW-Mile impact calculator application

Long term solution appears to be the development of AEP “Efficient Access Pricing” model which allocates transmission expansion costs between DNRs and loads, not simply MW-MI impacts determined by removing new elements and seeing how grid flows shift, regardless of dispatch and transactions.

30% Adjustment Seems High

- **Interim solution; increase wind capability adjustment from 10% to 20% given wind integration study results showing that penetrations up to 20% do not pose significant impacts on operations or ancillary services.**
- **To fund facilities necessary to support injections beyond 20% name plate up to and including 30% name plate, the customer, rather than the host transmission owner/balancing authority, must provide the necessary ancillary service to ensure reliable operation including, but not limited to, voltage and reactive support, regulation and energy imbalance service.”**

Need to Review Past Decisions

- **Examination of past DNR's**
 - **Spring Creek**
 - **Centennial**
 - **Turk**
 - **Cloud County, * if a waiver is approved by BOD**

Review Safe Harbor Provisions for BPF of DNRs

\$180,000/MW BP Cap

The tariff provides for a 5 yr review of the \$180,000/mw BP cap, “Is this threshold still reasonable?”, Tariff provision also specifies review of 1/3, 2/3 BP cost allocation provision.

Consideration for higher allowance for longer term commitments.



Contact Name
Title
501-614-#Ext
questions@spp.org

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SPP

Base Plan Guidelines
Task Force
Request for Review

**RTWG Meeting
Dallas, TX
January 3, 2008**

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BPGTF Current Task

MOPC Action Item

- ❖ **Consider Base Plan Upgrade classification for upgrades due to ineffective Transmission Operating Directives (TODs)**
 - ◆ Determine cost to replace all Operating Directives
- ❖ **Consider Base Plan Upgrade status for upgrades meeting NERC TPL-003 Reliability Standards**

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BPGTF Recommendation "Agreement Points"

- ❖ **BPGTF recommended a list of 8 "Agreement Points" (March 2007)**
 1. If a Transmission Operating Directive (TOD) is in place and a Transmission Owner (TO) unilaterally withdraws the TOD before the TOD becomes ineffective, any consequences (upgrades) lie with the TO.
 2. SPP Staff (transmission planning and tariff administration) to determine when a TOD is ineffective.
 3. "TOD Planning Effectiveness Standards" should be developed by SPP Staff and endorsed by the TWG and ORWG.
 4. TOD must be on file with the SPP.

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Agreement Points Cont.

5. If a TOD is “effective”, it will continue to be used in evaluation of TSRs.
6. Upgrades associated with new TSRs associated with DNRs that cause a TOD to become ineffective will be classified as Base Plan Upgrades.
7. TODs that are identified to be ineffective using the most current MDWG base case models will not result in Base Plan Upgrades. (
8. TODs that are identified to be ineffective using the transaction scenario models based on the most current MDWG base case models (in the Transmission Expansion Planning Process) will result in Base Plan Upgrades.

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MOPC Response

- ❖ **Conditionally accepted BPGTF recommendation**
- ❖ **Directed SPP staff to develop white paper explaining agreement point #7 and #8**
- ❖ **Directed SPP staff to share white paper with RTWG and solicit opinion and report back to MOPC.**

“MOPC Action Item #7. The BPGTF recommendation for approval of eight agreement points dealing with Transmission Operating Directives and Base Plan Upgrades was passed unanimously with the exception of Agreement Point #7 (“the TODs that are identified to be ineffective using the most current MDWG base case models will not result in Base Plan Upgrades”) and the CAWG is requested to review and comment on Agreement #7 and provide feedback to the MOPC prior to the April, 2007 MOPC meeting.”

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BPGTF Response

- ❖ **BPGTF met recently and made amendments to the Agreement Points replacing #7 and #8 with a new recommendation.**
- ❖ **As stated in the white paper...**
 - ◆ TF Simplified by removing dependency on models
 - ◆ Core issue, maintaining reliability.
 - ◆ Cost of system reinforcements are minor relative to overall system expansion \$\$

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Cost Analysis, pg 1

- ❖ **Cost to fix ALL Op Guide associated upgrades in STEP, 10 year horizon, 2008-2017**
 - ◆ \$143 M
 - ◆ = 6.5% of STEP, (143/2,200)
- ❖ **Know that not all Op Guide associated upgrades are an issue**

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Cost Analysis, pg 2

❖ **Q) How many Op Guide related upgrades are found to be an issue?**

♦ A) 4

♦ Cost?

* \$4.2 M out of \$768 M, Appendix B

* \$5.05 M out of \$300 M, 2012-2018

* \$9.25 M Total

– 0.9% of STEP Reliability Upgrades



White Paper Conclusion

❖ **Network Upgrades as a result of an ineffective Op Guide necessary to maintain system reliability will be categorized as a reliability upgrade, according to procedures of Attachment O**





Staff Request

❖ **Staff requests that RTWG review the white paper and provide some or all of the following by the next RTWG meeting...**

- ◆ **General Comments**
- ◆ **Expert tariff implementation opinion**
- ◆ **If possible, formal acceptance of BPGTF white paper position**



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General Inquiries: 501-614-3200