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## SPP's Stakeholder Report: February 2024

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FROM THE  
DESK OF...

a quarterly note from  
SPP's officer team

### **Barbara Sugg, SPP's President and CEO**

We began 2024 with another winter storm that challenged our grid and, once again, we pulled together to maintain regional reliability. This weather event highlighted the importance of resource adequacy, which is one of our top corporate goals for the year.

At our February board meeting, I reviewed SPP's 2024 corporate goals and their associated milestones. While these goals don't represent all the mission-critical work we do every day to keep the lights on, they are important business objectives that need to be most visible to mitigate some of our greatest risks, achieve our strategic plan's 2026 targets, and address issues that meet your most critical needs.

1. **Mitigate resource adequacy risks.** In 2024 we will develop policy improvements and operating, planning, and market requirements in concert with priorities established by the Resource and Energy Adequacy Leadership (REAL) team.
2. **Enhance Extreme Weather Event Readiness:** This year we will develop policies and transmission planning processes to address extreme weather scenarios. We also plan to close out remaining recommendations from SPP's winter storm Elliott and Uri reports.
3. **Optimize Generator Interconnection (GI) Queue Processing:** In 2024 we will make progress on the Joint Targeted Interconnection Queue to add new transmission funded by a Department of Energy grant. We also plan to clear the backlog of requests submitted through 2022 and implement software enhancements and process improvements. In future study clusters, these improvements will provide GI agreements within 12 months from initiation.
4. **Advance Innovative Transmission Policies:** This year we plan to approve policies from the Strategic & Creative Re-engineering of Integrated

Transmission Planning (SCRIPT) team and Holistic Integrated Tariff Team (HITT) report to optimize seams, better meet stakeholder expectations, and resolve growing concerns about continued transmission investment amid rapid industry changes.

5. **Continue Western Expansion Progress:** In 2024 we plan to file Markets+ and RTO expansion tariff language at FERC and obtain key commitments from Markets+ participants. This expansion creates significant economic and reliability benefits for stakeholders in the east and west through access to a larger generation fleet, greater geographic diversity, and increased trading opportunities.

A vital element of these goals is a focus on affordability. We are seeking opportunities to increase value, decrease costs, and hold employees accountable for continuous improvement. While our member value statement demonstrates SPP's benefits outweigh our costs, we must always be mindful of the costs you, and ultimately the region's end-use customers, incur from SPP's services.

Thank you for your engagement and collaboration with SPP as we work together on these critical issues.

Barbara

The logo for Markets & Operations features the text "MARKETS & OPERATIONS" in a bold, white, sans-serif font, centered within a dark orange circular shape.

*responsibly & economically  
keeping the lights on*

Day-ahead prices decreased from an average of \$33.13/MWh in Q3 2023 to \$23.20/MWh in Q4 2023, a decrease of 30%. Real-time prices decreased from an average of \$31.26/MWh in Q3 to \$21.28/MWh in Q4, a decrease of 32%. Total revenue neutrality uplift (RNU) for Q4 increased from Q3. There were no new operational peaks set during Q4.

Preliminary calculations for the top contributors to real-time generation mix over the course of 2023 were wind (36.6%), coal (27.2%), gas (26.8%), nuclear (6.1%) and hydro (2.9%). Preliminary estimates averaging monthly market prices of energy in 2023 showed an average price of \$29.83 per MWh, down from \$51.90 in 2022. Final calculations of year-end market data will be shared at a later date.

The logo for MOPC features the text "MOPC" in a bold, white, sans-serif font, centered within a dark green circular shape.

*progress through the  
power of relationships*

The [Markets and Operations Policy Committee \(MOPC\)](#) met virtually for its quarterly meeting Jan. 16-17.

They approved a lengthy consent agenda with 21 items, which garnered a 95% average consensus. Two items were excluded from the consent agenda and approved as presented, including the [RR603](#) (SIR657) GI Study Deposits and Judson Remedial Action Scheme.

The committee approved the 2025 Integrated Transmission Plan (ITP) Assessment Scope. They then amended and approved [RR606](#), which is the Planning Reserve Margin (PRM) Development Process compliance filing. The committee also reviewed the maintenance outage policy and endorsed prioritizing outage policy, which is critical for the winter planning reserve margin, while also delaying additional components of the outage policy.

They approved [RR577](#) (SIR631) Persistent Operational Issues Enhancements. The committee then approved [RR592](#) (SIR643) BP7250 GI Manual Fuel-Based Dispatch Option 2. They also reviewed the Holistic Integrated Tariff Team ([HITT](#)) "T1: Capacity Resource Interconnection Service Deliverability" concept, and approved Option 5 for CRIS deliverability areas and development of revision requests (RRs) to develop them.

The committee approved initial policy direction for CPP Phase 1, as presented in the "SCRIPT C1: CPP Phase I Assessment Type and Transition Plan." This strategic policy direction will establish a foundational path, paving the way for the ongoing development of the CPP process and entry fee.

Additional items approved by the committee included: the revised [RR574](#) BP7060 In-Service Date Delay Report Submission; a revision to Schedules 7, 8, 9 and Attachment H of the SPP tariff detailed in [RR600.3](#); planned implementation of the [HITT](#) M1 congestion hedging policy outlined in [RR591](#) (SIR12); and the Uninstructed Resource Deviation Charge covered in [RR578](#) (SIR626).

They reviewed the Resource Availability Policy ([RR605](#)); final language for RR605 is targeted for approval at the April 2024 meeting. The committee also discussed projections for winter weather, which proved on target for winter storms in early January and predicted milder temperatures throughout February-March. Overall, it was reported that transmission constraints are expected to be manageable through normal SPP congestion management processes. Attendees were updated on the progress of the generator interconnection backlog mitigation plan and process improvements.

The MOPC will next [meet](#) April 16-17 in Denver, CO.

*To get involved in SPP's stakeholder-driven process, find meeting registration, contact information and materials at the stakeholder group links below:*

## SEAMLESS BOUNDARIES

*Neighbors, seams, transfers and Western services*

The [Markets+ Participant Executive Committee \(MPEC\) met](#) in-person Jan. 23-24 and virtually on Feb. 20 to approve various design elements of the Markets+ tariff. Markets+ tariff language presented at the Feb. 20 meeting received a 91.11% approval rating from the committee, representing a huge milestone for this initiative. The Markets+ tariff will go before the Markets+ Independent Panel (IMIP) for consideration at the IMIP [Meeting](#) Mar. 1 and the Special SPP Board of Directors and Members Committee [Meeting](#) Mar. 25.

Following approval, the Markets+ tariff will be filed with the Federal Energy Regulatory Commission (FERC) March 28. Post-tariff filing activity will include developing Markets+ protocols and the beginning of phase two of the initiative, including a funding proposal, key contractual terms needed to mitigate risk exposure and funding agreements from phase two Markets+ participants. The Markets+ launch is planned for the second quarter of 2027.

IMIP will next [meet](#) March 1 virtually. The MPEC will next [meet](#) April 30 in Tempe, Arizona.

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

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

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

## STRATEGIC INITIATIVES

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

### Consolidated Planning Process Task Force (CPPTF)

The **CPPTF** held regular monthly **meetings** over the last few months and added one ad-hoc meeting to keep initiatives moving forward. The CPPTF has created two sub-teams: (1) the **Consolidated Needs Assessment Team (CNAT)**, focused on the consolidated planning process (CPP) framework needs assessment design and crafting Capacity Resource Interconnection Service (CRIS). CRIS is a strategic blueprint aimed at facilitating the granting, protection, and assignment of upgrades within the interconnection framework, and (2) the **Entry Fee Rate**

**Team (EFRT)**, focused on formulating a comprehensive entry fee framework document. This document encompasses the payment schedule, distribution mechanisms, and the initial establishment and subsequent updates of the entry fee up to the commitment point. Additionally, the entry fee framework document will provide guidance to the CPP transition study in setting the first entry fee.

Anticipating tangible progress, the CPPTF is poised to take decisive action on the Entry Fee recommendations during the upcoming February and March meetings, underscoring their commitment to enhance the efficiency and sustainability of the interconnection process within the regional planning paradigm.

The CPPTF will next [meet](#) March 6-7 Houston, TX.

## **Future Grid Strategy Advisory Group (FGSAG)**

The Future Grid Strategy Advisory Group (FGSAG) is meeting on Feb. 26 to consider next steps for the prioritized recommendations from the Grid of the Future Report. The group will also be updated on the progress of the Future Energy Needs Resource Study (FERNS).

A horizontal banner with a blue background. On the left, there is a dark blue circle containing the text "LEADERSHIP & STEWARDSHIP" in white, bold, uppercase letters. To the right of the circle, the text "Updates on SPP's board, leadership, finance & value" is written in a light blue, italicized font.

**LEADERSHIP  
& STEWARDSHIP**

*Updates on SPP's board,  
leadership, finance & value*

## **Leadership & Oversight**

The **Regional State Committee (RSC)** and **Board of Directors and Members Committee (BOD/MC)** held their business meetings and quarterly joint stakeholder briefing Feb. 5-6 virtually.

The **RSC** approved an amended slate of 2024 RSC Officers as follows: John Tuma assumed the RSC President role and Todd Hiett was selected for the Vice-President role. This change was due to the vacancy created when Will McAdams left the PUCT and thereby also left the 2024 RSC Presidency.

They approved [RR 591 HITT](#) M1 Implement Congestion Hedging Improvements, which was drafted to implement five of the nine congestion hedging improvement policies approved by the RSC and SPP board in July 2023. They then approved [RR 583](#) Nominating Long-term Congestion Rights for Federal Service Exemption – Grandfathered Agreements Carve Outs. This change provides mitigation for the market load that pays these charges by obtaining more potential hedging opportunities.

They approved a Joint Targeted Interconnection Queue (JTIQ) Backstop Policy, which serves as an Annual Transmission Revenue Requirement (ATRR) backstop

for SPP transmission owners that are issued Notifications to Construct for JTIQ projects in the event that there are differences between the 20-year levelized ATRR for JTIQ capital costs and the amount of revenue received from generator interconnection customers.

The committee approved a Department of Energy, Grid Resilience and Innovation Partnerships Funds Application, which allows the Cost Allocation Working Group ([CAWG](#)) to apply DOE GRIP funds to offset the allocation of capital cost to load for this JTIQ portfolio, thereby eliminating the MISO/SPP interregional load share, and use the remaining DOE GRIP funds to reduce the GI charge.

They approved [RR606](#) as amended by the Resource and Energy Adequacy Leadership ([REAL Team](#)) (the amendments were introduced to provide clarity and are considered non-substantive.) They also reviewed the current Resource Availability Policy being discussed at the stakeholder level and being drafted in [RR 605](#); they passed it as presented. They reviewed the Improved Outage Policy components that are being drafted in a future RR; they endorse prioritizing outage policy critical for Winter PRM, while delaying additional components of outage policy.

The board approved the following RRs as approved by the RSC: [RR606](#); [RR583](#); the failed MOPC amendment to implement fuel-based dispatch Option 2 with DISIS2022-Phase 2 and DISIS-2023-Phase 2; the CRIS deliverability area map recommended by the Transmission Working Group ([TWG](#)), [MOPC](#) and Strategic Planning Committee ([SPC](#)) in order to facilitate continued development and implementation of the CRIS product; and [RR 591](#) ([HITT](#) M1 Implement Congestion Hedging Improvement).

During the meeting, Susan Certoma announced to the board that she will be stepping down as chair of the SPP Board of Directors. John Cupparo will serve as chair of the SPP Board of Directors effective Feb. 8, 2024.

Minutes from the meetings of the [board](#) and the [RSC](#) can be found on [spp.org](#). The RSC and BOD/MC will next meet May 6-7 in Denver, CO. Register for the RSC meeting [here](#), and the BOD/MC meeting [here](#).

[BOD/MC](#) | [RSC](#) | [CAWG](#) | [CGC](#) | [Finance](#) | [HRC](#) | [Oversight](#) | [SPC](#)

## Adaptive Governance

SPP identified "Adaptive Governance" as an enabling capability in its [Aspire 2026](#) Strategic Plan. SPP's [Corporate Governance Committee](#) (CGC) has conducted ongoing workshops facilitated by Strategic Offsite Group (SOG) to further develop the capability. Next steps include reviewing a strawman proposal for the



future state of governance for the RTO and continuing to discuss potential changes to SPP's governance structure. SPP will continue to solicit feedback from stakeholders as potential changes to governance are considered.

## Stewardship and Value

Preliminary projections for 2023 showed SPP would have a gross revenue requirement (GRR) of \$199.4 million compared to a GRR budget of \$198.5 million. After other revenue and offsets, the net revenue requirement for 2023 is projected to be \$171.6 million, an increase of only 0.7% from 2022's NRR of \$170.4 million.

SPP's **2022 Member Value Statement** found that SPP provided \$3.787 billion in net savings to members in 2022. These benefits come at a 22-to-1 ratio when compared to the cost of membership in the SPP RTO. Members can use a **worksheet** to help estimate a portion of the unique value each of their organizations receive from SPP.

**Have questions?** Contact **SPP Communications**.

*Southwest Power Pool: working together to responsibly and economically keep the lights on today and in the future.*

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