Month in Review
May Meetings

Two Major Initiatives Approved by Board Of Directors: Balanced Portfolio and Synergistic Planning Project Team Report

The Board of Directors approved a new report that recommends restructuring the organization’s regional planning processes to focus on the construction of a robust transmission system, large enough in both scale and geography to provide flexibility to meet SPP’s future needs. The Synergistic Planning Project Team recommends moving to a “highway-byway” approach for funding transmission. The extra high voltage “highway” would be funded with a regional rate, and lower-voltage “byways” would be funded with local rates. Read the news release.

The Regional State Committee and Board of Directors/Members Committee also approved a long-awaited group of extra high voltage economic transmission expansion upgrade projects, to be funded by the application of FERC-approved “postage stamp” rates to SPP’s transmission-owning members across the region. The benefits of this group of transmission upgrades have been demonstrated by model analysis to outweigh the costs, thus achieving a “balanced portfolio” of projects. Under the new balanced portfolio approach, SPP evaluates the benefits of a group of economic upgrades rather than evaluating individual upgrades on a project-by-project basis. The balanced portfolio includes five new 345 kV transmission lines, a 345 kV transformer, and a new connection between two existing 345 kV lines. Read the news release.

The Month In Review

Board of Directors-Members Committee: During a Special Board of Directors/Members Committee Teleconference, the group approved Tariff revisions for filing for Order 719 compliance. At a Special Meeting of Members, the Membership approved several revisions to the SPP Bylaws. Following review at NERC, these revisions will be filed at FERC and go into effect following approval. The Membership also approved slight adjustments to Directors’ and Trustees’ compensation.

At the face-to-face Board of Directors/Members Committee meeting, attendees reviewed the 2008 State of the Market Report, which was very positive. A cost/benefit study was presented and resulted in approval of a recommendation to move forward with future markets development. The Board approved several revisions to the SPP Bylaws. Following review at NERC, these revisions will be filed at FERC and go into effect following approval. The Board approved several Criteria changes as proposed by the MOPC, as well as rosters for committees and working groups as part of the annual review process. The annual financial audit was presented and accepted for 2008.

Cost Allocation Working Group: The CAWG endorsed Balanced Portfolio 3E “adjusted” (without Chesapeake and without Wichita – Reno – Summit 345kV projects) as the staff proposal to the Regional State Committee and Board of Directors. Staff spent the month responding to stakeholder feedback about project details, such as Fixed Charge Rates and Engineering and Construction estimates. The CAWG reviewed estimate data provided by Transmission Owners and scrutinized the differences in cost-per-mile of various components. They also refined assumptions about calculating the Fixed Charge Rate for companies that would be building the projects. Empire District requested Chesapeake 345kV auto transformer be removed, and the CAWG agreed. Westar requested the Wichita – Reno – Summit 345kV project, or part of the project, be added. However, the CAWG denied this request based on several factors, such as compromising the portfolio’s balance.

Finance Committee: The committee approved the following: 2008 Financial Audit Report from BKD; 2009 funding of pension plan ($3,000,000) and post-retirement healthcare ($633,000); and an amendment to its scope document to bring it in line with the SPP Bylaws. New action items for the group are to hear reports on Settlements processes, mitigation of 2008 SAS 70 report qualifications, and mitigation of control deficiencies noted in 2008 financial audit report. The group will also develop an analysis of impacts to new facility construction if the start date is deferred.

HR Committee: The committee approved a staff recommendation to implement a self-funded employee medical insurance plan effective January 1, 2010. The plan will include benefits to both SPP and employees, and will be funded by SPP and employees and administered by a third party. The plan has potential annual
Other April Meetings

Market and Operations Policy Committee: The MOPC’s meeting was packed with items that directly impact SPP and its stakeholders. First, the group debated and endorsed a Board approval for transmission expansion projects in the Balanced Portfolio known as 3E Adjusted without Reno-Summit. This Balanced Portfolio will promote proactive transmission expansion that provides more benefits than costs to SPP customers. The MOPC also endorsed a cost/benefit analysis for future markets and directed the MWG to continue developing Change Case IIA – Day Ahead Market and Ancillary Service Markets. The MOPC acted on the first Novation/Delegation Agreement to allow Western Farmers Cooperative to transfer their obligation to build to ITC Great Plains. Various other Tariff, Criteria, and Business Practice changes were accepted, including compliance to FERC Order 719 and Generation Interconnection Queue improvements. The MOPC will ask the Board of Directors to form a permanent group for Economic Studies.

The MOPC hosted two pre-meeting seminars to help members and stakeholders understand subjects that will impact SPP and its members in the future. SPP Balancing Authority Manager Shari Brown presented information on ACE Diversity and its implementation in SPP. Robert McClanahan of Electric Cooperatives of Arkansas presented the history, current requirements, and expected changes to NERC Critical Infrastructure Protection (CIP) standards. Both workshops were well attended. Review ACE Diversity and CIP presentation materials.

Market Working Group: The MWG held several Future Market Info sessions, and in these meetings determined action items that need to be addressed by the Operating Reliability Working Group: the need for a separate product for Wind/Intermittent Unit support; the need for a 30 minute supplemental product; feedback on “grandfathering” in existing Regulation Providers; feedback/approval of the MWG’s decision to allow Resources that wish to provide either Spinning/Supplemental products to self qualify; feedback on whether Spinning Reserves should be frequency responsive; confirmation of the definition of Supplemental Reserves; and drafting of a process to define minimum requirements and select boundaries for Reserve Zones.

The MWG met to discuss decision-points from the Future Market Info sessions, including: waivers for units not available for actual energy signals, Ramp Rate restrictions, security in the Market Operations System, modeling for combined cycle combustion turbines and cross compound resources, reserves for Resource Zones, hub recollections, and support for three types of demand response.

Operating Reliability Working Group: The ORWG held a conference call to discuss and approve Criteria 5 changes related to NERC Standard FAC-003. At its face-to-face meeting the ORWG approved additional Criteria 5 and Criteria 14 changes related to NERC Standards. SPP presented a position paper on better managing wind generation during transmission congestion in the current market. The Operating Reserve Task Force had a kick-off meeting to discuss items assigned by the ORWG: evaluating several facets of the SPP Reserve Sharing Group, including spinning reserves; capacity purchases; future market issues; the SPP Consolidated Balancing Authority; and wind integration.

Operations Training Group: The OTWG discussed the April 27-30 System Operations Conference, for which feedback was very positive; suggested ideas for improving future conferences; and chose dates for 2010 conferences. The group discussed strategic regional training and the impact increased enrollment would have on SPP training staff. The group voted to increase SPP’s training staff by 4.5 full-time employees to address upcoming regional training needs, understanding that training staff must be in place before delivering additional training in 2010. The OTWG discussed the need for a list of high-level job tasks based on the NERC Reliability Functional Model, Version 4. A planning session was scheduled for June 23 to discuss the development of system restoration scenarios, and the group will meet with the MWG to discuss the OTWG Charter and reporting structure, in light of proposed changes regarding markets training. The OTWG has two vacancies for voting members and is soliciting nominations.

Regional State Committee: The RSC endorsed three major initiatives: The MOPC’s guidance on SPP future markets steps, the Balanced Portfolio, and the Synergistic Planning Project Team Report. Each of these initiatives are important in their own right; however, the Balanced Portfolio endorsement culminates over two years of effort by the RSC’s Cost Allocation Working Group and a large group of stakeholders. The Balanced Portfolio contains economic projects valued at $692 million to be implemented over the next 10 years. The process which ensures each pricing zone and state is a beneficiary of projects included in the Balanced Portfolio, and the associated postage stamp funding, demonstrate a significant step forward for SPP.

Regional Tariff Working Group: The RTWG voted to eliminate any discount for non-firm point-to-point service, subject to a notice posted on SPP’s OASIS not less than 10 days prior to the change, beginning on June 1st (or as soon as practical). The RTWG also directed the Delivery Point Addition Task Force to revise Attachment AQ to contain a procedure for the addition of new delivery points, rather than be structured as a form of agreement.

Other April Meetings
May Meetings

May 1 - Change Working Group Teleconference
May 4 - Future Market Info Sessions
May 11 - System Protection and Control Working Group Net Conference
May 11 - Future Market Info Sessions
May 12-13 - Transmission Working Group
May 12-14 - Regional System Restoration Drill
May 14 - Business Practices Working Group Teleconference
May 18-20 - Market Working Group Meeting
May 19-20 - CIP Cyber Security Standards "How To" Workshop
May 19 - Model Development Working Group Net Conference
May 20 - EPRI Workshop: "Transmission Efficiency"
May 21 - Change Working Group Teleconference
May 21 - 2009 SPP Transmission Expansion Planning Spring Summit
May 26 - Future Market Info Sessions
May 27 - Cost Allocation Working Group
May 27-28 - System Protection and Control Working Group
May 28 - Regional Tariff Working Group
May 28 – Operating Reliability Working Group Conference Call

This is a summary of recent SPP organizational group meetings. For complete minutes of a particular group meeting, please visit SPP.org and select that committee on the Org Groups page. Meeting minutes are located in the left column.

Please contact Emily Pennel in the Communications Department with questions or comments about The Org Report.

SPP Calendar
The Org Report Back Issues
SPP Governing Documents