CAWG Continues Development of “Highway/Byway” Cost Allocation Proposal

During the Cost Allocation Working Group’s discussion of the new highway/byway cost allocation methodology, SPP staff reported on the comparative analysis of three rate-making designs for byway transmission facilities with a consistent application of postage stamp cost allocation for 345 kV facilities. The three methodologies are: (1) byway is Base Plan funded, (2) byway is 100% zonally-funded using MW-mile analysis, and (3) byway is simply geographically assigned.

A modified Transmission Owners (TO) proposal was presented for both cost allocation and rate design. The TOs were unified on the proposal for maintaining the current cost allocation “buckets” (regional, zonal, geographically assigned) and applying an allocation approach to all new transmission upgrades. TOs supported freezing a brightline cost allocation for upgrades that have already been approved and applying highway/byway only to new upgrades. For rate design, TOs uniformly supported option 1, the possibility of maintaining current rate design. However, not all TOs were fully supportive of option 2, the concept of a zonal access charge.

Mike Proctor of the Missouri Public Service Commission presented an overview of MISO’s Cost Allocation and Regional Planning proposal to the Organization of MISO States. He also outlined a generation and load access charge concept focused on balancing cost allocation among beneficiaries and cost causers, while maintaining simple accounting principles.

The CAWG will meet 8/13, 8/26, 9/9, and 9/23 in Dallas, and 10/14 in Tulsa to develop consensus on a rate design.

What Are the Benefits of a Transmission Superhighway?

Because several of SPP’s organizational groups are working on the new Integrated Transmission Planning process and new cost allocation methodologies, the SPP Communications Department produced a brochure explaining the benefits of added transmission. The brochure was written for a general, non-technical audience and explains how everyone benefits from a robust transmission grid. You may download the brochure from SPP.org, or contact Ronda Walters for printed copies to distribute to stakeholders.

NIST and NAESB Focus on Smart Grid Technologies

The National Institute of Standards and Technology (NIST) has proposed an initial set of 16 standards for approval by FERC for the interoperability of smart grid technologies. NIST is providing an open industry forum to develop a framework for implementing the smart grid. NIST is on an aggressive timetable and plans to have a comprehensive set of standards by the first half of 2010. Both NERC and the North American Energy Standards Board (NAESB) have efforts underway to monitor the impact of smart grid technologies on bulk power reliability standards and business practices. These organizations and the ISO/RTO Council may become more involved in NIST activities in the upcoming months. More information is available at nist.gov/smartgrid/

The Month In Review

Board of Directors-Members Committee: The committee’s primary discussion items were the future markets initiative, specifically financial transmission rights, and the Integrated Transmission Plan (ITP), including the process for determining priority projects. No actions were taken on these issues, but there was considerable discussion. There will be a workshop in September to provide additional education on these topics prior to expected votes in October and January.

Business Practices Working Group: The group made revisions to BP 5.2 and the changes were unanimously approved. The group discussed the 3rd Party Impacts Business Practice, data confidentiality, and timing requirement differences between WECC and SPP. Another topic of discussion was defining a ramp reservation system for the future market.
Human Resources Committee:
The Human Resources Committee held its annual retreat and received reports from the investment managers hired to manage funds in SPP’s various retirement accounts. Additionally, the committee heard reports from SPP staff regarding health insurance, HR strategy, and wellness initiatives. Finally, the committee determined funding for 2010 merit compensation and promotion pools.

Finance Committee:
The Finance Committee approved, for consideration by the Board of Directors, the request for funding for 2010 merit compensation and promotion pools. The committee also discussed the SPP Training Charter. The charter was changed to reflect incremental personnel requirements within the SPP Training Department to add market training in addition to reliability training. The group discussed the SPP Training

Change Working Group:
The CWG held a special meeting to introduce a member-impacting project and request responses to the proposed project timeline. The group approved the implementation schedule, and the project to remove unit lockout for deviation from dispatch was successfully implemented on July 28. This month the CWG welcomed three new members: Greg Depratt took the seat vacated by Tim Wilson to represent Empire District, Shane Jenson will represent Omaha Public Power District, and Mike Oliver will serve as Lincoln Electric System’s representative.

Consolidated Balancing Authority Steering Committee:
The CBASC met with the BPWG to coordinate work on identifying requirements for a ramp reservation system that will be included in the future market design. The CBASC Technical Task Force met to discuss ACE Diversity Interchange Program technical details and their impact on the respective member Energy Management Systems. SPP’s Nebraska members are beginning to assess their interest in the program. The committee also reviewed comments and edits to the ACE Diversity Legal agreement from each of the member legal representatives. The group will determine the Ramp Reservation system details and decisions on the nature of emergency backup systems for the Consolidated Balancing Authority at such times when the market system is unavailable (i.e. down for maintenance).

Economic Studies Working Group:
The ESWG has been working on the development of the ITP and Priority Projects benefit metrics system. The ESWG created the Benefit Analysis Techniques Task Force (BATTF) to focus on the Priority Project analysis techniques. Priority Projects are due to be completed by October and approved by the SPP Board of Directors at that time. The BATTF and the ESWG have been holding weekly meetings to meet this aggressive timeline.

Finance Committee:
The Finance Committee approved, for consideration by the Board of Directors, the construction of a 150,000 square-foot office building (20,000 of which will be unfinished) to be co-located on a site with the previously-approved operations/data center. Construction costs will be estimated upon completion of schematic and construction design drawings. Costs in excess of the preliminary budget will result in additional review and potential termination of the project. The committee reviewed the mid-year status of SPP’s 2009 SAS70 audit. Preliminary audit results have been discussed with SPP’s SEC-jurisdictional members.

HR Committee:
The Human Resources Committee held its annual retreat and received reports from the investment managers hired to manage funds in SPP’s various retirement accounts. Additionally, the committee heard reports from SPP staff regarding health insurance, HR strategy, and wellness initiatives. Finally, the committee determined funding for 2010 merit compensation and promotion pools.

Markets and Operations Policy Committee:
This MOPC meeting was different than most. There were not a lot of action items to approve, but numerous SPP initiatives were discussed. The pre-MOPC meeting included a presentation by SPP staff on the current list of Priority Projects under the Synergistic Project Plan. Major discussions were about the future market design, particularly congestion hedging. The MOPC asked for more education on this effort. Other items included a Transmission Owner Selection, OTWG Charter Revisions, and the ITP.

Market Working Group:
The MWG, at the request of the MOPC, will conduct a mock allocation of congestion hedging rights in three different scenarios. The scenarios are based on 1) all network and firm PTP reservations, 2) all network and firm PTP service greater than 50% utilization, and 3) all network and firm PTP except those nominations that would be primarily counter-flow. The group approved creation of a Future Markets RFP Review Team, which will begin assembling around October 1 and will continue through the vendor selection and recommendation process in mid-2010. The group reviewed the future markets decision matrix, which includes updates on decisions from other working groups. The MWG approved additional meeting dates in an effort to meet scheduled deadlines.

Operating Reliability Working Group:
The ORWG and its task force have been meeting to discuss issues concerning the Reserve Sharing Group and future market decisions and design aspects. Upcoming meetings will continue this discussion and provide design input to the MWG on reliability aspects of the future market design.

Operations Training Working Group:
The OTWG discussed the group’s presentation to MOPC for the new OTWG Charter. The charter was changed to reflect incremental personnel requirements within the SPP Training Department to add market training in addition to reliability training. The group discussed the SPP Training
Department’s desire to allow member access to SPP services and documents related to meeting NERC PER-005 compliance requirements, which is awaiting FERC approval. The OTWG also discussed group vacancies, expectations of candidates wishing to become members, and the needed participation of the OTWG membership in facilitating System Operator Conference (SOC) activities.

SPP will provide to the OTWG summaries of year-to-date SOC evaluations. One remaining conference is scheduled in Lafayette, Louisiana during the first week of October. At the request of the OTWG, SPP will provide four SOCs per year beginning 2010 (SPP currently holds three).

**Regional Entity Trustees:** All regions are providing to NERC a Supplemental Budget to address additional manpower needed for Technical Feasibility Exception (TFE) activities. The SPP RE General Manager, Stacy Dochoda, will address the TFE issue by using contractors for the remainder of 2009 and 2010. The Supplemental Budget for 2009 was proposed at an increased amount of $100,000, and the 2010 budget at an increased amount of $700,000. Ms. Dochoda requested approval of the Supplemental Budget for submission to NERC on July 29. The SPP RE will begin processing TFEs for the registered entities whose functions are in Table 1; 13 requirements will be spot audited.

**Regional State Committee:** Foremost on the RSC’s agenda was a series of reports on the progress being made on the ITP, with a specific focus on cost allocation. Cost allocation for transmission upgrades is a topic specifically assigned to the RSC. They also heard a presentation on the initial impressions and status of the efforts of the Wind Integration Task Force, as they move toward the completion of that study effort late in 2009. The impacts of large quantities of wind in the SPP footprint are a significant factor in ITP development. The RSC continued planning discussions with a review of the Eastern Interconnection Planning Process (EIPC), which is a combined effort of stakeholders, state regulators, and planning authorities such as SPP. The group also heard a report from the Congestion Hedging Task Force as they continue their education and communication efforts in conjunction with Future Markets development.

**Regional Tariff Working Group:** The RTWG continued reviewing the Delivery Point Addition Tariff language, the Notification to Construct whitepaper prepared by the Transmission Working Group, and the proposed Interim Large Generator Interconnection Agreement. Discussion of a process for selecting a transmission constructor is also taking place. If you are interested in participating in a task force related to this topic, please email Katy Onnen at konnen@spp.org and Dennis Reed at Dennis.L.Reed@westarenergy.com.

**System Protection and Control Working Group:** The SPCWG and the SPP Under Frequency Load Shedding (UFLS) Standard Drafting Team is in the process of responding to all of the comments received from the first draft of the regional standard for SPP’s UFLS program. The Standard Drafting Team is in the process of creating the second draft of SPP’s UFLS Regional standard. SPP’s UFLS Standard Drafting Team will post for comment the second draft of the UFLS Regional standard once it is complete.

### Other Meetings

**Model Development Working Group**

**August Meetings**

- August 3 - Operations Training Working Group Teleconference
- August 3/5 - Market Working Group Meeting
- August 4 - Sub-Regional Planning
- August 4 - Transmission Settlements Outreach Teleconference
- August 4 - Economic Studies Working Group Teleconference
- August 4 - Operating Reliability Working Group Conference Call
- August 5/6 - Transmission Working Group
- August 6 - Change Working Group
- August 6/7 - Model Development Working Group
- August 6 - ESWG/TWG/ITP Net Conference
- August 6 - System Protection and Control Working Group Net Conference
- August 6/7 - Model Development Working Group
- August 7 - SPP Consolidated Balancing Authority Teleconference
- August 10 - Regional Tariff Working Group WebEx/Teleconference
- August 10 - Economic Studies Working Group (Conference Call)
- August 12 - 2009 SPP Fall STEP Planning Summit
- August 12/13 - System Protection and Control Working Group
- August 13 - Cost Allocation Working Group
- August 14 - Markets and Operations Policy Committee Teleconference
- August 17/19 - Market Working Group Meeting
- August 20 - Quarterly Compliance Forum
August 20 - ITP Stakeholder Meeting
August 25 - EPRI/SPP Regional Workshop on Smart Grid
August 26 - Cost Allocation Working Group
August 27 - Regional Tariff Working Group
August 28 - Market Working Group Teleconference
August 31/September 2 - Market Working Group Meeting

This is a summary of recent SPP organizational group meetings. For more information about a group, please visit SPP.org and select that committee on the Org Groups page. Documents 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