Integrated Transmission Planning Process and Cost Allocation Methodology Approved

Annual Stakeholder Satisfaction Survey Open Through Nov. 13

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Board of Directors Endorses Priority Transmission Expansion Projects, Pending Further Study

The SPP Board of Directors approved a package of transmission expansion Priority Projects for further analysis and review. In January 2010, the following Priority Projects will be presented for approval to the Board of Directors and Regional State Committee:

• 765 kV line in Kansas linking Spearville, a planned substation in Comanche County, Medicine Lodge, and Wichita, operated at 345 kV
• 765 kV line linking a planned substation in Comanche County, Kansas to the planned Woodward District EHV substation near Woodward, Oklahoma operated at 345 kV
• 345 kV double circuit line linking the Hitchland substation south of Guymon, Oklahoma to the planned Woodward District EHV substation near Woodward, Oklahoma
• 345 kV line from Cooper in the southeast corner of Nebraska through Maryville, Missouri to Sibley, just east of Kansas City, Missouri
• 345 kV line from Valliant in southeast Oklahoma to Texarkana on the Texas-Arkansas state line
• 138 kV reactor at a Tulsa, Oklahoma power station

Read the full news release.

New Integrated Transmission Expansion Planning Process and Cost Allocation Methodology Approved

The Board of Directors approved a new Integrated Transmission Planning (ITP) process that will determine what transmission is needed to maintain electric reliability and provide near- and long-term economic benefits to the SPP region. The ITP is an iterative three-year process that includes 20-Year, 10-Year, and Near-Term Assessments. When ITP plans have been approved by the SPP Board of Directors, staff will issue Notification to Construct (NTC) letters for projects that require financial expenditures within the next four years. Authorization to Plan (ATP) letters will be issued for projects that do not need a financial commitment within the next four years but need to be constructed within the planning horizon. Once an NTC or ATP is issued, the project will be reviewed annually to ensure the continued need for the project and its required in-service date.

The Regional State Committee reviewed the ITP and approved a new Highway/Byway cost allocation methodology to pay for new transmission infrastructure identified in the ITP. The “highway” consists of 300+ kV transmission projects; costs will be assigned to Transmission Owners across the region based on their historic use of the region’s energy. The “byway” consists of transmission projects below 300 kV; costs will be assigned by formula more directly to the utility in whose service territory the project is located. Read the full news release.

Annual Stakeholder Satisfaction Survey Open Through November 13

On October 28, SPP launched an abbreviated Stakeholder Satisfaction Survey to a wide range of stakeholders, asking them to describe their satisfaction or dissatisfaction with the organization. The survey closes on Friday, November 13. If you did not receive the survey and would like to take it, please contact Communications Manager Emily Pennel at epennel@spp.org.

October Meeting Summaries

Board of Directors-Members Committee: In addition to the actions taken related to transmission expansion and cost allocation, the Board of Directors approved the 2010 budget. The Membership held its annual elections for the Board of Directors, Members Committee, and Regional Entity Trustees. The following were elected to
three-year terms commencing January 1, 2010: Jim Eckelberger and Harry Skilton (Board of Directors); Mike Deggendorf (KCPL), Gary Roulet (WFEC), Mike Wise (Golden Spread), Trudy Harper (Tenaska), and Kevin Easley (GRDA) (Members Committee); and Dave Christiano (Regional Entity Trustees). In addition, Brett Kruse (Calpine) was elected to fill a vacancy on the Members Committee.

**Business Practices Working Group:** The BPWG discussed draft guidelines/requirements for a ramp limitation system in the future market by using a reservation system. Other items discussed were new business practices BPR001 and BPR002, which are currently working their way through the organizational group process.

**Change Working Group:** The CWG discussed current and upcoming member-impacting project schedules. In-progress projects were reported on schedule, and new projects were introduced for member input and feedback. The group reviewed the SPP Bylaws revisions that were recently approved by FERC, which apply accountability to SPP and its members by requiring more stringent reporting of working group efforts.

**Economic Studies Working Group:** Two new ESWG members, Al Tamimi of Sunflower Electric Power Corp. and Greg Sweet of Empire District Electric Co., were added to the ESWG roster. One of the major items discussed was the Priority Projects data review process conducted between SPP staff and stakeholders. A small group of ESWG participants met alongside SPP staff and gave feedback on the analysis modifications that need to be considered for Priority Projects. This included new runs with limited wind and other suggested modifications to the analysis. The ESWG reviewed and recommended changes to the Integrated Transmission Plan scenarios that will be studied beginning early 2010. Going forward, the ESWG is planning to provide further guidance for the Priority Projects’ restudy methods and inputs, further refine the ITP scenarios document, and develop ITP screening techniques and benefit metrics.

**Finance Committee:** The Finance Committee reviewed and approved the SPP 2010 budget. The committee directed SPP to limits its costs to no more than 22.5 cents/MWh and set an administrative fee rate for 2010 of 19.5 cents/MWh. Additionally, the group approved a plan to seek regulatory approval of the issuance of up to $150 million in term debt through 2012.

**Human Resources Committee:** The HR Committee voted to recommend a 0% funding for employee merit raises in 2010. Discussion was held concerning performance compensation plan administration in January 2010 (for 2009 employee performance). In addition, the committee discussed the role of the HRC and SPP Board in determining SPP officer compensation. The committee noted their appreciation to Richard Spring for his dedicated service.

**Market and Operations Policy Committee:** The pre-MOPC future markets session was very educational. The MOPC discussed a broad range of subjects and concerns, including Priority Projects and the related SPP staff recommendation. The MOPC approved a motion for staff to study 7 GW and 14 GW of wind with deliverability. The MOPC also approved recommendations from staff concerning the new ITP, high availability of IT systems, and criteria for a new operations/data center. Other Tariff, market protocol, and business practice changes were approved.

**Market Working Group:** The MWG met twice in October, reserving one day for current business activities and five days for outstanding future markets design decision topics. The MWG received an update on a number of relevant regulatory items, reviewed outstanding PRRs, and received an update on the offer cap annual cost and market monitoring activities. The MWG schedule for 2010 was published; the group will continue to meet twice monthly in 2010 to review and finalize future markets protocols. Additionally, the MWG endorsed the CWG’s recommendations for high availability, which were later presented to the MOPC. Twenty-four future markets design decision topics were reviewed; major design topics included the granularity of settlements, the use of marginal vs. average losses, modeling of Joint-Owned Units, and the Transmission Congestions Rights (TCR) process. The group also reviewed a study conducted by Nexant, which educated the MWG on the impacts of converting Firm Transmission Rights to TCRs for a given point in time.

**Operating Reliability Working Group:** The ORWG discussed several Criteria modifications concerning data requirements from members. The group also discussed the future markets initiative, including resource deviations and reserve zone limits.

**Operations Training Working Group:** The regional training position vacancy had been filled, and the new trainer began on November 2, 2009. The Job Task Analysis taskforce reported that it completed its first data collection round for the transmission operator, generator operator, and Balancing Authority job roles. The OTWG discussed and approved the 2010 regional training calendar; events will be published to SPP.org and registration will open on November 10, 2009. The group set its 2010 meeting calendar, reviewed the bylaws revisions that were approved by FERC, reviewed its Charter/Scope, and discussed revising the format of the 2010 Train-the-Trainer sessions.

**Regional Entity Trustees:** The trustees extended the term of the Delegation Agreement for another year, beginning in May 2010. They accepted changes to the Delegation Agreement regarding how violation penalties get paid. The SPP RE, FRCC, and SERC are making a joint filing of a Cross Regional Compliance Monitoring Plan with FERC. The filing will include a Pleading requesting permission for SERC to take over compliance monitoring of SPP’s compliance functions and a draft agreement between SERC and SPP. The new organizational chart for the SPP RE was presented and position changes were announced. Results of the SPP
RE survey were discussed; results will be posted on SPP.org.

**Regional State Committee:** The RSC elected Commissioner Mike Moffett of the Kansas Corporation Commission as 2010 President, Commissioner Jeff Davis of the Missouri Public Service Commission as Vice President, and Chairman Paul Suskie of the Arkansas Public Service Commission as Secretary/Treasurer. The RSC approved their 2010 annual budget. SPP Vice President of Engineering Bruce Rew presented the ITP report. Following discussion and edits, the RSC agreed that this policy-level directive should be presented to the Board of Directors the next day. The RSC’s consultant, Dr. Mike Proctor, presented the Highway/Byway cost allocation proposal that had been developed by the RSC’s Cost Allocation Working Group (CAWG). This significant change to funding for transmission upgrades calls for regional funding for all transmission projects above 300 kV; 1/3 regional and 2/3 zonal for 100-300 kV, and 100% zonal funding below 100 kV. The RSC approved the CAWG proposal. Bruce Rew then presented a staff-recommended list of Priority Projects. After much discussion, the RSC encouraged the Board to make the necessary policy decisions and ensure that proper supportive analysis is conducted on Priority Projects when the RSC and Board again discuss the topic in January 2010.

**Regional Tariff Working Group:** The RTWG approved Tariff revisions required by PRR 204, which removed the requirements to call Transmission Loading Relief to start congestion management in the EIS market, and BPR 001, which describes how to deal with requests with third-party impacts. The RTWG continues its work in incorporating small generators into Attachment V and creating an Aggregate Screening Study including transfers of load from one Network or Transmission Customer. They also continue their work on reviewing the Notification to Construct whitepaper. In November, the RTWG will begin reviewing draft Tariff language required to implement the Highway/Byway cost allocation methodology and the ITP.

**Other Meetings**

**Strategic Planning Committee**

**November Meetings**

November 2-5 - Market Working Group Meeting
November 2 - OTWG Teleconference
November 3 - ORWG Conference Call
November 3 - MWG/ORWG Joint Conference Call
November 3 - Sub-Regional Planning
November 3 - Economic Studies Working Group
November 4-5 - Transmission Working Group
November 4 - Cost Allocation Working Group
November 12 - SPP CBA Steering Committee
November 12 - System Protection and Control Working Group
November 12 - Regional Tariff Working Group WebEx / Teleconference
November 16-19 - Market Working Group Meeting
November 17 - Model Development Working Group WebEx
November 18-19 - Strategic Planning Committee Meeting
November 19 - Quarterly Compliance Forum
November 19 - ORWG Conference Call
November 20 - Regional Tariff Working Group WebEx / Teleconference
November 30-December 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*