Regional State Committee Approved Concepts Paper on Economic Upgrades

The unanimous approval by the Regional State Committee of the Concepts Paper on Economic Upgrades is a major milestone for SPP. The RSC’s action during its January meeting established a policy for cost recovery associated with economic upgrades of the transmission system.

The new policy allows for the cost associated with a balanced portfolio of economic upgrades to be allocated region-wide. According to Vice President of Regulatory Policy Les Dillahunty, “We hope to have FERC-approved tariff language such that the initial balanced portfolio of economic projects would be approved coincident with the SPP Transmission Expansion Plan in January 2009.” Read the Concepts Paper (page 9).

The Base Plan funding for reliability upgrades approved by the RSC in 2005 has proven to be a stimulus to transmission expansion by providing some certainty to cost recovery.

SPP Transmission Expansion Plan 2008-2017 Approved

The SPP Board of Directors approved the $2.2 billion SPP Transmission Expansion Plan (STEP) 2008-2017 on January 29, 2008. SPP will now issue Notifications To Construct for approximately $700 million in reliability projects requiring financial commitments during 2008-2011.

Developed through the stakeholder process, the STEP 2008-2017 identifies solutions to regional transmission issues. Projects in the plan include new lines, line rebuilds, capacitor banks, transformers, substation upgrades, and voltage conversions. Read the STEP 2008-2017.

NERC/NAESB Update

The North American Electric Reliability Corporation (NERC) approved the appointment of four independent Board members. Richard Drouin was reappointed to the Board as the 2008 chairman. Rick Sergel was reappointed as president and chief executive officer.

NERC continues discussions on becoming the electric industry’s single point-of-contact with the Department of Homeland Security. An ad hoc task force was created to address the issue, since the proposed role is not directly related to electric reliability standards. The group will provide a recommendation to the Board in May.

The wholesale electric quadrant members of the North American Energy Standards Board (NAESB) are voting on several business practices to provide more consistency and transparency to the Open Access Same-Time Information System (OASIS) rules for wholesale transmission service. Both the wholesale electric and wholesale gas quadrants are proposing “E-Tariff” business practices, including systems protocols. These will fulfill a Federal Energy Regulatory Commission order for jurisdictional transmission providers and gas pipelines to file tariffs in an electronic format.

The Month In Review

Board of Directors/Members Committee, 1/29: The group heard a presentation on interregional transmission planning; approved the STEP 2008-2017; and approved waivers for AEP and Empire District Electric transmission expansion projects for base plan funding. Commissioner Philip Moeller from the Federal Energy Regulatory Commission attended the meeting. The group was also introduced to a new Corporate Metrics Report.

Cost Allocation Working Group, 1/4, 1/30: The CAWG discussed changes to cost allocation for designated wind resources and a wind generation base plan funding policy. The group held a follow-up discussion of the RSC meeting, which included the 2008 work plan and the Concepts Paper on Economic Upgrades.
Corporate Governance Committee, 1/16: Following the retirement of Oklahoma Municipal Power Authority's (OMPA) Roland Dawson, the committee appointed Cindy Holman, also from OMPA, to serve the remainder of his term on the Members Committee. Director Quentin Jackson resigned from the SPP Board effective January 31. The committee initiated the search process to fill his vacancy on the Board of Directors. In addition, the group reviewed survey and evaluation results from the Board of Directors and Stakeholder surveys, as well as the Chairs/Secretaries Workshop results.

Critical Infrastructure Protection Working Group, 1/8: In their quarterly meeting, the CIPWG heard updates from the NERC Critical Infrastructure Protection Committee and the Department of Homeland Security. The group discussed the 2007 Organizational Group Survey, annual work plan, and emergency resource sharing programs.

Human Resources Committee, 1/12: The HR Committee passed the recommended funding for the 2007 Performance Compensation Plan, and established a Supplemental Executive Retirement Plan (SERP) to bridge gaps for select employees under the defined benefit pension plan. The group also passed an amendment to match funding of the 401(k) plan.

Market Working Group, 1/22-23: In their monthly meeting, the MWG heard updates from the Demand Response Task Force, the Cost Benefit Task Force, and the Data Warehouse/Settlements project. The group discussed root cause analysis and the Native Load Scheduler Market Monitoring Unit. PRR 165 was approved.

Market and Operations Policy Committee, 1/15-16: MOPC approved waivers for American Electric Power and Empire District Electric regarding Base Plan funding, as well as the STEP 2008-2017. The group approved the charter for the Consolidated Balancing Authority Steering Committee and a new Business Practice related to the Re-dispatch white paper.

Operating Reliability Working Group, 1/29: Alan Klassen of Westar Energy was elected vice-chair of the ORWG. The group reviewed the results of the SPP Organizational Effectiveness survey and discussed Market/Reserve Sharing Group issues. They also reviewed the 2007 Control Performance Standards and responses to the Most Severe Single Contingencies member survey.


Oversight Committee, 12/11: The Oversight Committee approved the Market Monitoring and Mitigation Plan final draft and discussed development of a benefits assessment methodology for the SPP Energy Imbalance Service market, both of which were presented for discussion at the January Board of Directors/Members Committee meeting.

Regional Entity Trustees, 1/30: SPP Regional Entity (RE) Executive Director Ron Ciesiel reported that mitigation plans have been completed for 163 of 164 Registered Entity violations that occurred before June 18. The outstanding mitigation plan must be completed by December 2008. One post-June 18 violation has been issued with a financial penalty. The Trustees determined that they would be notified of any proposed violation and financial penalty to a Registered Entity in excess of $150,000. The Trustees passed a motion authorizing NERC to lead the SPP RE compliance audit of the SPP RTO Registered Entity functions, in which SPP RE staff will participate as team members.

Regional Tariff Working Group, 1/3, 1/31: The RTWG approved the Tariff Revisions form for the Transmission Service Cure Period, as well as Schedule 2 modifications to reinstate the process for a generator to apply for Qualified Generator status. Other topics of discussion included point-to-point revenue with revenue requirements change, crediting for generation interconnection facilities, and Schedule 2 change implementation.

Transmission Working Group, 1/3: The TWG reviewed and revised the STEP 2008-2017, which was sent to MOPC and the Board of Directors for approval. The group also recommended that the Board approve the start of construction of network upgrades listed in Appendix B of the STEP 2008-2017.

Other Meetings

Strategic Planning Committee, 1/17

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

Please contact Laura Haywood in the Communications Department with questions or comments about The Org Report.

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