Southwest Power Pool, Inc. Docket No. ER06-451-017

ORDER ON MARKET READINESS CERTIFICATION

(Issued January 26, 2007)

1. On December 22, 2006, Southwest Power Pool, Inc. (SPP) filed a Market Readiness Certification (Certification) as required by the *SPP Market Order.* In its filing, SPP states that the SPP energy imbalance service market (imbalance market) is ready to be implemented on February 1, 2007. Based on SPP’s representation in this filing, we find that the Certification is in compliance with the requirements of our previous orders and therefore accept SPP’s Certification filing.

I. **Background**

2. SPP has been authorized as a regional transmission organization (RTO) since October 1, 2004. The Commission accepted SPP’s commitment to develop an imbalance market, including implementation of a real-time, offer-based energy market

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1 *Southwest Power Pool, Inc., 114 FERC ¶ 61,289, at P 23 (SPP Market Order), order on reh’g, 116 FERC ¶ 61,289 (2006).*

2 *See Southwest Power Pool, Inc., 109 FERC ¶ 61,009 (2004), order on reh’g, 110 FERC ¶ 61,137 (2005).*
that will be used to calculate the price of imbalance energy.\textsuperscript{3} The Commission also required SPP to provide a market monitoring plan and market power mitigation plans.\textsuperscript{4}

3. On June 15, 2005, SPP submitted an initial proposal for an imbalance market and to establish a market monitoring and market power mitigation plan. In the \textit{SPP Guidance Order}, the Commission rejected SPP’s initial proposal for its imbalance market and monitoring plan as inadequate and provided guidance concerning: (1) reliable and stable market operations; (2) market-based rates in the new market; and (3) mitigation and monitoring issues.\textsuperscript{5}

4. In the \textit{SPP Market Order}, the Commission addressed SPP’s resubmitted proposed revisions intended to implement SPP’s imbalance market and establish market monitoring and market power mitigation plans, including least cost bid-based security constrained economic dispatch and locational marginal pricing. The Commission found that SPP’s filing was missing important elements and assurances regarding reliable and stable readiness and market start-up safeguards.\textsuperscript{6} In response to these incomplete elements and issues raised concerning market readiness, the Commission directed SPP to create, file and operate under a set of transitional safeguards including price correction provisions, a reversion plan, and transitional offer caps.\textsuperscript{7} Further, the Commission delayed the implementation date of the market to allow for completion of certain elements and implementation of the safeguards.\textsuperscript{8} Additionally, the Commission noted SPP’s hiring of a consultant to prepare an independent readiness assessment that included reviews of project plans and key deliverables and creation of a series of market readiness

\begin{itemize}
\item \textsuperscript{3} \textit{Southwest Power Pool, Inc.}, 106 FERC ¶ 61,110, at P 134, \textit{order on reh’g}, 109 FERC ¶ 61,010 (2004).
\item \textsuperscript{4} \textit{Id.} P 173.
\item \textsuperscript{5} \textit{Southwest Power Pool, Inc.}, 112 FERC ¶ 61,303 (\textit{SPP Guidance Order}), \textit{reh’g denied}, 113 FERC ¶ 61,115 (2005).
\item \textsuperscript{6} \textit{SPP Market Order}, 114 FERC ¶ 61,289 at P 1-3.
\item \textsuperscript{7} \textit{Id.} P 24, 26, 29.
\item \textsuperscript{8} The Commission extended the market implementation date from SPP’s requested May 1, 2006 to October 1, 2006. \textit{Id.} P 1. SPP has further delayed the scheduled implementation of its imbalance market several times. At its December 12, 2006 meeting, SPP’s Board approved certification of SPP’s readiness for a February 1, 2007 start-up.
\end{itemize}
The Commission directed SPP to file these market readiness metrics, on an informational basis, no later than 60 days prior to market implementation.\(^9\) The Commission also directed SPP to certify its market readiness 30 days prior to market implementation.\(^10\) In certifying market readiness, the Commission informed SPP that it must substantially complete the items in its market readiness metrics, take stock of the readiness and capabilities of balancing authorities to meet their balancing functions in the market, and forward to the Commission the on-site evaluation of a North American Electric Reliability Council (NERC) working group.\(^11\)

II. Certification Filing

5. On December 22, 2006, SPP filed its Certification, in compliance with the *SPP Market Order*. The Certification includes: (1) the readiness certification of SPP’s President and Chief Executive Officer, Nicholas A. Brown; (2) a NERC evaluation and recommendation concerning SPP’s market readiness (NERC Assessment); (3) an independent report by Gestalt, LLC (Gestalt Report) assessing SPP’s market readiness metrics; and (4) an updated transition and reversion plan. SPP states that its Certification filing confirms SPP’s readiness to implement its imbalance market on February 1, 2007. Additionally, SPP provides an updated transition and reversion plan that documents the results of SPP’s reversion to normal operations following the deployment of recent market trials.\(^12\)

6. SPP maintains that it has tested market systems, tested its transition and reversion plan, trained necessary personnel and committed the required resources to ensure the

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\(^10\) *SPP Market Order*, 114 FERC ¶ 61,289 at P 23.

\(^11\) *Id.*

\(^12\) *Id.* P 20, 23.

\(^13\) SPP Certification filing, Attachments IV. In the *SPP Compliance Order*, the Commission accepted SPP’s market transition and reversion overview as partial compliance with the Commission’s directive because SPP had not demonstrated successful testing of its reversion plan. Therefore, the Commission directed SPP to report on the test results as part of its market readiness certification. *SPP Compliance Order*, 116 FERC ¶ 61,053 at P 53.
launch of its imbalance market without compromising the reliability of operations in the SPP footprint. Further, SPP states that “all necessary legal and regulatory requirements specified in the Commission’s orders regarding SPP’s [Open Access Transmission Tariff (OATT)] have been, or will be, completed to enable SPP to have the requisite authority to implement the [imbalance] market on February 1, 2007.”

Furthermore, SPP states that in the event of any material circumstantial change between the time of this filing and February 1, 2007, it will use its best judgment as the system operator to determine whether any delay in the start-up of the market is necessary.

7. The Certification of Operational Readiness provided by Mr. Brown states that, as President and Chief Executive Officer of SPP, he is ultimately responsible for ensuring that SPP reliably operates the transmission assets under its control and that the imbalance market complies with all terms and conditions of SPP’s OATT. Based upon his observation and knowledge of system tests and examination of and reliance upon materials compiled for him concerning the status of SPP’s various systems, and subject to items identified in SPP’s transmittal letter and related materials submitted with SPP’s Certification filing, he certifies that these systems are available, processing and producing information sufficient to support all of the functions of SPP’s imbalance market. In particular, Mr. Brown certifies that:

- SPP is ready and able to operate the transmission assets under its functional control and the imbalance market established by the OATT on February 1, 2007, without adverse impact on the reliability of operations in the SPP region;

- SPP has substantially completed the independently evaluated market readiness metrics tracking SPP’s operational readiness and its testing plan for the start-up of the imbalance market on February 1, 2007;

- SPP’s internal market processes and procedures, including but not limited to settlements, bidding and scheduling procedures, have been tested, have been demonstrated to be effective and are ready to be implemented on February 1, 2007;

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14 SPP Transmittal at 3.

15 Id. at 7.

16 SPP Certification filing, Attachment I.
SPP has established the readiness and capabilities of the balancing authorities to meet their balancing functions necessary to support the implementation of the imbalance market on February 1, 2007;

SPP systems necessary for market operations, including, but not limited to, security constrained economic dispatch and the day-ahead resource plan process are sufficiently stable and provide the functionality required to support the imbalance market on February 1, 2007;

The NERC Operating Reliability Subcommittee has evaluated SPP’s capabilities and reported that SPP is ready, from a reliability perspective, to commence market operations on February 1, 2007. This recommendation is based, in part, on the NERC technical verification team’s on-site evaluation and report on SPP’s readiness to implement start-up of the imbalance market;

SPP has successfully tested its Reversion Plan to address system operations in the event of a market failure, and the plan is functional awaiting the commencement of market operations on February 1, 2007;

SPP is sufficiently staffed to meet its business functions essential to implement the OATT that was filed with the Commission;

SPP has prepared its personnel for their duties and responsibilities in implementing the imbalance market on February 1, 2007 and to operate the imbalance market on an ongoing basis under normal and abnormal conditions;

SPP has sufficient financial resources to operate the imbalance market on February 1, 2007; and

SPP is ready to commence operations of the imbalance market on February 1, 2007.

III. **Notice and Responsive Pleadings**

8. Notice of SPP’s Certification filing was published in the *Federal Register*, 72 Fed. Reg. 1505, with interventions and protests due on or before January 8, 2007. A timely motion to intervene was filed by Entergy Services, Inc. A timely motion to intervene and comments was filed by Kansas City Power & Light Company (KCPL). Golden Spread Electric Cooperative, Inc. (Golden Spread) and Xcel Energy Services, Inc. (Xcel) submitted protests to SPP’s Certification Filing. KCPL, Golden Spread, and Xcel object to SPP’s readiness and raise a number of issues. They assert that many of these issues
cannot be resolved by February 1, 2007 and argue that SPP’s market start-up should be delayed. On January 17, 2007, Xcel filed a supplemental protest.

9. On January 18, 2007, SPP filed an answer to the protests and comments (SPP Answer). In its answer, SPP reiterates that the imbalance market is ready for market start-up on February 1, 2007. Specifically, it asserts that: (1) the intervenors have either misstated or misunderstood the facts related to SPP’s imbalance market pre-launch test results; (2) SPP has resolved all previously identified go-live issues; and (3) no material issues remain outstanding that would “hinder SPP’s ability to safely and reliably implement its [imbalance market] on February 1, 2007.”

10. On January 23, 2007, Xcel filed an answer to SPP’s Answer (Xcel Answer). Xcel asserts that SPP’s response regarding Xcel’s contingency claims are not accurate and may be misconstrued.

IV. Discussion

A. Procedural Matters

11. Pursuant to Rule 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

12. Rule 213(a)(2) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2005), prohibits answers to protests or answers to answers unless otherwise ordered by the decisional authority. We will accept answers filed by SPP and Xcel because they have provided information that assisted us in our decision-making.

B. Market Readiness

13. SPP states that, although it has substantially accomplished the items identified in its market readiness metrics, it is continuing to perform further review and testing

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17 SPP Answer at 2.

18 Xcel Answer at 3.

19 SPP notes that the original readiness metrics developed by Accenture have been evaluated and refined by Gestalt, reflecting revisions in form and not substance. SPP states that it re-categorized items from the original Accenture list, based on Gestalt’s assessment, to distinguish “Go Live Readiness Metrics,” which focus on measuring the performance of the processes and systems necessary to run the imbalance market, from (continued)
certain elements of its market implementation.\textsuperscript{20} SPP claims that according to the Gestalt Report, 27 discrete metrics are being tracked, where appropriate, on a daily basis and 14-day and 30-day trends are reported. Based on the most recent test, 24 metrics passed and 3 failed.\textsuperscript{21} The Gestalt Report provides an analysis of these metrics and concludes that the systems have demonstrated consistently stable operation over their last observation period. Further, SPP states that, according to the Gestalt Report, none of the 3 failures poses an impediment to SPP’s ability to reliably operate the imbalance market effective February 1, 2007.\textsuperscript{22} According to SPP, there are 26 issues on the Go-Live issues list and 12 remain outstanding with minor tasks that are on track for completion before the market start-up. It states that it has identified the resolution required for each outstanding issue and has developed a plan to implement the necessary actions to close out these remaining issues well in advance of the market start-up.\textsuperscript{23}

14. Additionally, SPP states that as part of its Market Transition and Reversion plan, a Go/No-Go Advisory Team was established, consisting of the chairs of various SPP stakeholder committees, task forces and working groups, as well as SPP staff, SPP’s board of directors, the Regional State Committee (RSC) and the Strategic Planning Committee. It maintains that the final decision on whether to implement SPP’s imbalance market on February 1, 2007 will be made in consultation with the Go/No-Go Advisory Team, who will review operational conditions and status of transition activities through a series of pre-launch assessments in the days and weeks before market start-up.

\textsuperscript{20} Id.

\textsuperscript{21} The three metrics that did not pass as of the date of the Gestalt Report are: (1) short-term load forecast meeting 1 percent accuracy standards; (2) real-time calculations run 7 days consecutively; and (3) submission of interchange data for settlements. SPP Certification filing, Attachment III.

\textsuperscript{22} SPP Transmittal at 4-5.

\textsuperscript{23} Id. at 5.
SPP expects any outstanding implementation issues to be addressed on or before February 1, 2007.\textsuperscript{24}

15. SPP states that the last phase of the implementation of the SPP imbalance market is market trials, which includes tests of the systems and processes across SPP, vendors, and market participants. It maintains that because this phase has resulted in some system changes that are not yet complete, SPP has been unable to utilize final versions of all software in the testing to the date of filing. However, SPP states that it expects to complete all market system modifications in sufficient time to provide at least seven continuous days of system monitoring prior to market start-up.\textsuperscript{25}

1. \textbf{Protests/Comments}

16. Xcel states that significant preparatory work remains outstanding. It requests that the Commission direct SPP to develop a new process and timeline for addressing all outstanding issues, including necessary testing and verification by February 15, 2007 and for the Commission to specify that the Commission will permit the imbalance market to start only after SPP successfully completes the outstanding issues. Xcel suggests an implementation date of April 1, 2007.\textsuperscript{26} In its supplemental protest, Xcel outlines a contingency that occurred during a recent system deployment test and argues that SPP’s “failure to effectively manage its system” demonstrates that SPP is not ready to implement its market. As described by Xcel, on January 11, 2007 at 6:54 a.m., SPP dispatched flows across SPP-Southwest Public Service Company (SPS) ties that rose above the voltage stability limit of 487 MW by approximately 123 MW. At 6:55 a.m., SPP initiated emergency procedures. Beginning at 7:10 a.m., the flows began decreasing and by 7:18 a.m., the flows fell below the stability limit. Xcel claims that voltage stability limit violations of this magnitude and duration could have serious reliability consequences and raise questions about SPP’s ability to reliably operate the market. Xcel calls for a market delay and also asserts that a prudent course of action would be a complete audit of SPP systems, market documentation, and personnel training by an independent entity.\textsuperscript{27}

\textsuperscript{24} Id.

\textsuperscript{25} Id.

\textsuperscript{26} Xcel Protest at 1-3.

\textsuperscript{27} Xcel Supplemental Protest at 2-6.
17. Golden Spread argues that SPP’s imbalance market should be delayed for the following reasons: (1) lack of a functional backup operations facility; (2) failure to have completed a string of successful tests; and (3) lack of a full settlements test from operating day to final settlements. Similarly, KCPL states that SPP will not have a platform independent of the production market system that market participants can access to test their own systems and be able to interface after market start. In addition, KCPL states that there are only two deployment tests scheduled after the system lock-down date of January 10 and it questions whether two market tests after lock-down are sufficient. KCPL notes that only one of the tests will allow for verification of settlement calculations.

2. **Commission Determination**

18. We decline to direct SPP to delay the start of its imbalance market. We find SPP’s Certification filing to be in compliance with the requirements of our previous orders. SPP indicates that it has made operational the necessary systems for market start-up, conducted numerous tests and certified that testing and other issues will be addressed prior to market start. NERC review indicates, from a reliability perspective, that SPP is ready for market implementation. Further, SPP’s final decision to actually implement the imbalance market will be made in consultation with the Go/No-Go Advisory Team who consists of the chairs of various SPP stakeholder committees, task forces and working groups, as well as SPP staff, SPP’s board of directors, the RSC and the Strategic Planning Committee.

19. Regarding Xcel’s contingency claims, SPP states in its answer that the contingency occurred because of testing on Xcel’s part. According to SPP, the factors contributing to the contingency included: (1) Xcel’s subsidiary, SPS, offered into the market ramp rates for their resources that were significantly lower that the actual ramp capability; (2) load pickup and scheduled increases in the SPS area were greater than the ability of SPS resources to match; and (3) the resultant increase in energy imbalance supplied across the SPP-SPS flowgate increased at a rate faster than the market system could redispach generation based on the offered ramp rates. In its response to SPP,

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28 Golden Spread Protest at 6-7.

29 KCPL Comments at 6.

30 SPP Answer at 9-10 and Exhibit I. We also note that SPP’s time line of events differs slightly from Xcel’s. For example, SPP states that it issued an out of merit dispatch instruction at 7:08 a.m., that the SPP-SPS ties began unloading at 7:27 a.m., and
Xcel does not dispute many of SPP’s conclusions; rather it points to statements in SPP’s answer that it believes are not accurate and could be misconstrued.\textsuperscript{31} Xcel claims that the contingency incident was a serious matter that should not be disregarded and that the deployment test “cannot in any way be construed as a validation of SPP’s market readiness.”\textsuperscript{32} Regardless of the parties’ characterization of the contingency event, we find that rather than demonstrating SPP’s inability to effectively manage its system, SPP’s quick response supports its position that SPP can effectively manage its system. Accordingly, we will accept SPP’s certification filing and acknowledge that SPP is ready for its market implementation on February 1, 2007.

20. In the \textit{SPP Market Order}, the Commission noted that SPP “must substantially complete the items in its market metrics” to satisfy the market readiness certification as well as meet other conditions noted above.\textsuperscript{33} We find that, although SPP has not satisfied absolutely every metric, it has substantially done so or is scheduled to do so as evidenced in its Certification filing. In addition to the Readiness Metrics, SPP created a Go Live issues list noting 26 items that must be corrected/completed prior to market implementation. SPP states in its Certification that 12 items remain outstanding with minor tasks that are on track for completion prior to market start.\textsuperscript{34} SPP also states that that at 7:36 a.m. the SPP-SPS ties were under the voltage stability limit. SPP Answer, Exhibit I at 2.

\textsuperscript{31} Specifically, Xcel claims that it is inaccurate to state: (1) that SPS reported after the fact that it intentionally offered its resources at a lower ramp rate because it provided SPP with ramp rates in advance to be used for the deployment tests; (2) that SPS’ resources were not properly following deployment instructions when SPP should have issued deployment instructions proactively based on SPS’ responsibility to regulate Area Control Error and the inherent characteristics of SPS’ generating units; and (3) that the loading of transmission lines that took place was not of the magnitude that would expose SPP to cascading outages because the incident could have resulted in the interruption of service in SPS’ entire control area. Xcel Answer at 3-6.

\textsuperscript{32} \textit{Id.} at 6.

\textsuperscript{33} \textit{SPP Market Order}, 114 FERC ¶ 61,289 at P 23. Similarly, in addressing Midwest Independent Transmission System Operator, Inc’s (Midwest ISO) market readiness certification filing, the Commission did not require all market metrics to be satisfied before Midwest ISO market start. \textit{See Midwest Independent Transmission System Operator, Inc., 110 FERC ¶ 61,289 (2005).}

\textsuperscript{34} SPP Transmittal at 5-6.
its systems necessary for market operations are sufficiently stable and provide the functionality required to support the imbalance market. Further, as noted, SPP also created a “Go/No-Go” Advisory Team to review conditions and the status of the transitional activities in the days before market start-up and commits to using “its best judgment as system operator to determine whether any delay in the start-up of the [imbalance market] is necessary.”

Lastly, market start-up will improve operations by allowing a more efficient system dispatch and more efficient use of the constrained transmission system with fewer transmission line loading relief events. For these reasons, we accept SPP’s Certification and authorize market start on February 1, 2007.

21. In response to Golden Spread’s request for a backup operations facility, SPP is in the process of constructing a new primary operations center which will provide the requested redundancy. In the interim, SPP maintains a backup operations facility although it does not have backup market computer system capability at that facility. In the event of a catastrophic failure or disaster affecting the imbalance market systems, SPP states that it will revert to pre-market conditions as designed in the market transition and reversion overview. As a precaution, we will direct SPP to maintain and update as appropriate its reversion plan until it establishes its backup operating facility. In response to KCPL’s post-market implementation testing concern, SPP states that it will continue to use its existing duplicative environments to implement internal changes, develop specific test plans for changes affecting market participants on a case by case basis, and permit market participants access to an existing training environment for testing. SPP also states that in response to market participants’ requests, it is evaluating expanding these capabilities through its stakeholder process. In response to KCPL’s concern about the lack of additional testing after the system lock down occurs, SPP states that it has fully tested its market operations and settlement systems through 21 system deployment tests as of December 22 and certifies their readiness.

35 Id. at 7.

36 Such benefits were noted by a cost-benefit study completed by Charles River Associates for the RSC on July 27, 2005. See SPP Market Order, 114 FERC ¶ 61,289 at P 2 and n.14.

37 SPP Answer at 11-12.

38 Id. at 17-18.
C. **Congestion Management Procedure**

1. **Protests/Comments**

22. Xcel asserts that SPP has implemented its congestion management system in a manner that conflicts with the governing market rules. Specifically, it argues that SPP’s market protocols provide that the allocation of capacity between firm and non-firm flows will take place for both coordinated flowgates (i.e., those within SPP) and reciprocal coordinated flowgates (i.e., those between SPP and a neighboring control area) in accordance with the requirements of the congestion management process (CMP) in the SPP-Midwest ISO Joint Operating Agreement. However, in the SPP system, SPP has implemented its congestion management process on coordinated flowgates in such a way as to prioritize imbalance market flows higher than bilateral non-firm schedules during periods of congestion. Specifically, in determining the amount of capacity allocated to firm flows, SPP includes flows associated with native load as well as unused firm reservations in its firm flow calculation. Xcel argues that such a methodology is inconsistent with SPP’s market protocols and CMP, and is potentially detrimental to bilateral non-firm transactions.  

39 Golden Spread and KCPL likewise highlight the fact that this methodology reduces the ability of parties to rely on economic non-firm bilateral transactions to serve their load.  

2. **Commission Determination**

23. We disagree with Xcel that SPP’s congestion management process conflicts with governing market rules. While the manner in which SPP is performing its firm flow calculation may result in less ability to engage in non-firm transactions, it is not a violation of SPP’s tariff or market protocols as alleged. The tariff and market protocols provide that SPP will determine the requisite priorities and advise NERC. In addition, the Commission has already directed SPP to file reports on revenue shortfalls or surpluses related to uplift charges and we direct SPP to include the number and amount

39 Xcel Protest at 9-14.

40 KCPL Comments at 3-4; Golden Spread at 6. KCPL also states that SPP has recently proposed an alternative that does not add unused point-to-point reservations and may result in significantly less displacement of bilateral schedules, although this has not been successfully tested. If this alternative is unsuccessful or not implemented on a timely basis, KCPL states it would have serious concerns about proceeding with the imbalance market February 1. KCPL Comments at 3-4.

41 *SPP Market Order*, 114 FERC ¶ 61,289 at P 128.
of MW curtailed based on the current methodology in its monthly reports for the first year of market operations. Further, SPP should continue to work with market participants as it states it will do to determine whether an alternative method should be implemented by SPP to minimize the curtailment of non-firm schedules.

D. **Short-Term Load Forecast**

1. **Protests/Comments**

24. Parties claim that SPP passed the 1 percent accuracy metric (for forecasting short-term load) on average only 89 percent of the time over the two-week period prior to preparation of the Certification filing when the performance threshold calls for the forecast to be accurate within 1 percent during 97 percent of the forecast intervals.\(^{42}\) Xcel further asserts that the accuracy has deteriorated since SPP filed its Certification filing to where the accuracy metric is being met between 59.7 percent and 77.4 percent of the time. Xcel concedes that in its SPS footprint, the forecast accuracy has been as high as 100 percent, but remains concerned that this degree of accuracy may not be sustained given the fairly high rate of inaccuracies experienced by other balancing authorities.\(^{43}\)

2. **Commission Determination**

25. We decline to halt the start of the imbalance market based on SPP’s inability to achieve its Short-Term Load Forecast metric. While this metric has not been achieved, we note that SPP has met a parallel metric by achieving a 2 percent degree of accuracy 97 percent of the time.\(^{44}\) By way of reference, the Midwest ISO established a 2 percent short term load forecast metric in advance of its market start. In addition, SPP states that it has achieved 1 percent accuracy for the footprint on an aggregate basis and that it has not observed any significant reliability issues related to the level of forecast accuracy.\(^{45}\) We conclude that this level of inaccuracy should not cause delay in achieving the benefits of the market noted above. Moreover, we expect SPP to continue to improve the short-term forecast with experience as it makes refinements to its forecast model.

\(^{42}\) KCPL Comments at 5; Xcel Protest at 18-19.

\(^{43}\) Xcel Protest at 19 n. 15.

\(^{44}\) Certification filing, Attachment III, December 21, 2006 Independent Assessment of SPP Market Readiness Metrics.

\(^{45}\) SPP Answer at 11-12.
E. **Shadow Settlement of Intra-Hour Schedule Change**

1. **Protests/Comments**

26. Xcel and KCPL state that due to conflicting information contained in documentation of SPP’s scheduling software, RTO_SS system, market participants’ shadow settlement systems are not currently capable of correctly calculating scheduled amounts and imbalance energy for hours in which a schedule change occurs during the hour. Specifically, the shadow settlement systems were designed to utilize integrated hourly $MWh$ values based on SPP’s representation that its data will reflect the actual $MWh$ of energy delivered over an operating hour.\(^{46}\) However, SPP’s scheduling data will be provided on a MW basis. The result of this error will be that market participants may not be able to validate portions of SPP’s settlement statements when there are intra-hour schedule changes. Xcel asks that the Commission direct SPP to work to develop a solution to this problem and provide a reasonable timeline for implementing the solution prior to market start.

2. **Commission Determination**

27. We are satisfied that SPP has successfully tested its settlement systems through its 21 deployment tests. We conclude that, while this data mismatch creates an inconvenience to the market participants’ ability to track certain settlement information, the concern with the shadow settlement system’s ability to validate SPP settlement statements when there is an intra-hour schedule change is not an operational issue and will not affect SPP’s ability to render timely and accurate settlement statements. We also note that Xcel stated in its supplemental protest that the software necessary to overcome the discrepancy had been installed although not tested.\(^{47}\) Moreover, SPP has offered an option to market participants to make the data available in MWh values.\(^{48}\) As a precaution, we will require SPP to provide the data in both formats for at least 90 days after market start-up.

F. **Other Issues:**

28. Golden Spread raises two additional concerns. First, it notes its protest in a pending SPP proceeding regarding Violation Relaxation Limits (VRLs) that SPP states is

\(^{46}\) Xcel Protest at 14-16 and KCPL Comments at 4-5.

\(^{47}\) Xcel Supplemental Protest at 2.

\(^{48}\) SPP Answer at 10.
necessary prior to market implementation.\textsuperscript{49} In addition, Golden Spread states that the SPP portal does not permit it to schedule two Mustang generating stations to serve native load because these units are not on the list of units that may be selected for native load schedules. It states that while not insurmountable, the imbalance market cannot be considered ready for implementation.\textsuperscript{50}

29. Xcel argues that SPP’s Certification filing is deficient in material respects since it did not include two SPP-generated documents that “identify significant problems that must be resolved before the [imbalance market] can be implemented.”\textsuperscript{51} These documents are the aforementioned Go Live Issues list (dated December 22, 2006) identifying 26 items of which 12 remain outstanding and a January 4, 2007 Go Live Issues list identifying 13 system coding changes intended to relieve SPP market operators from having to perform manual workarounds. Xcel highlights the fact that these coding changes will not be installed in time to permit a “30 day freeze period” on system changes prior to market start as originally outlined in the project schedule. Xcel also states that it recently experienced a system communication problem uploading its native load schedules that it believed had been solved. It acknowledges that the issue may reside in its system and that it needs SPP’s vendor, OATI to help isolate and resolve the problem. Xcel asks the Commission to direct SPP to conduct additional testing to resolve this issue in advance of market start.

30. In response to Golden Spread’s concern regarding VRL limits, we shall address those in an order in Docket No. ER07-319-000 in the near future. Golden Spread’s issue with native load scheduling appears to be resolved. SPP states in its answer that it made changes to add the ability to use native load scheduling for the Mustang units. However, SPP notes it is in the process of determining if Golden Spread has the rights to use those units as designated network resources.\textsuperscript{52}

31. We disagree with Xcel that SPP’s filing was deficient. While it did not include the internally-generated documents, SPP referenced the December 22 Go Live Issues list and acknowledged that it intended to take the necessary actions to close out these issues in advance of the market start date. In addition, SPP states that while it implemented

\textsuperscript{49} Golden Spread Protest at 3-4.
\textsuperscript{50} Id. at 6-7.
\textsuperscript{51} Xcel Protest at 3-9.
\textsuperscript{52} SPP Answer at 21.
system coding changes beyond its self-imposed system freeze date, the fact that the changes were limited in scope, were small in number, and permitted testing outside the deployment test windows fully supported its decision to make the changes without changing the February 1 start date.\footnote{Id. at 5.} We note that SPP will continue testing and readying its systems until market start-up and will be aided by input from market participants, its own staff and others through the Go/No-Go Advisory process to ensure that all contingencies have been resolved prior to market start.

The Commission orders:

(A) SPP’s Certification filing is hereby accepted as discussed in the body of this order.

(B) The Commission hereby authorizes SPP to start its imbalance market on February 1, 2007.

By the Commission.

(SEAL)

Magalie R. Salas,
Secretary.