



**Helping our members work together
to keep the lights on...
today & in the future**



Updated EHV Overlay Study Summit:
Economic Planning at SPP

Oklahoma City, OK

March 28, 2008

The Beginning

- **First Study: Lincoln Circle**
 - 230 kV expansion considered for central Kansas
 - Report published in 2004
 - Analysis conducted using Global Energy Division's MarketSym package

STEP Planning

- **Original SPP Transmission Expansion Plan (STEP) cycle as a 2 year cycle**
 - 1st year – Reliability Planning
 - 2nd year – Economic Planning
- **Cycle reduced to a 12 month cycle**
- **Economic Screen added to STEP Plan**
- **Economic Planning studies stand alone analysis**

Additional Studies

- **SPP continues to do special economic planning studies, including:**
 - **KS – SCUC**
 - **Kansas Expansion**
 - **CREZ**
 - **KETA**
 - **OEPTTF**

EMMTF Scope

- **Transmission Working Group (TWG) establishes Economic Modeling & Methods Task Force (EMMTF) in 2005**
- **Task Force to address:**
 - **Economic Data Requirements**
 - **Solution Techniques**
 - **Definitions**
 - **Assumptions**
 - **Methodologies**

EMMTF

- **EMMTF Report published to SPP Website on March, 2006**
- **Report documents details for Economic Planning at SPP**
- **Publication of EMMTF Report marks the end of activity for the Task Force**

Primary Benefit Metrics

- **SPP began economic studies using the Production Cost Savings, Generator Benefit and Violation Savings metrics**
- **In 2007, SPP transitioned to using Adjusted Production Cost Savings**
 - **Adjusted Production Cost = Production Cost - Revenue from Sales + Cost of Purchases**
- **Purchases and sales calculated on a zonal basis**

Additional Benefits

- **Reduction in system losses**
- **Environmental impacts**
- **Capacity margin and operating reserves requirements improvements**
- **Energy, capacity and ancillary service market facilitation**
- **Increased competition in wholesale markets**
- **Reliability enhancement including storm hardening and black start capability**
- **Critical infrastructure and homeland security**

CAWG Analysis

- **During the transition from MarketSym to PROMOD, SPP conducts the Economic Portfolio analysis for the Cost Allocation Working Group (CAWG)**
- **Original analysis conducted using both MarketSym and PROMOD**

Economic Portfolio

- **Economic Portfolio is a collection of projects that:**
 - Provides a high Benefit to Cost ratio for the footprint (>1.0) for a ten year period
 - Provides a balanced benefit to the footprint
 - Costs do not exceed benefit
- **See Concepts Paper on Economic Upgrades posted on SPP website**

Economic Planning - Going Forward

- **The Economic Portfolio and economic planning process at SPP continues to develop and evolve**
- **EMMTF Report, published in 2006, is outdated**
- **SPP intends to revamp and reestablish EMMTF to meet future planning needs**
- **Concepts Paper on Economic Upgrades starting point for EMMTF**

Questions/Comments



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