



Southwest Power Pool, Inc.

STRATEGIC PLANNING COMMITTEE/CORPORATE GOVERNANCE COMMITTEE

Thursday July 15, 2010

8 AM – 3 PM

Embassy Suites Downtown/Old Market – Omaha, NE

• A G E N D A •

**Strategic Planning Committee Meeting**

- 1. Call to Order and Administrative Items..... Ricky Bittle
- 2. Review of Past Action Items.....Michael Desselle
- 3. MOPC Update ..... Bill Dowling
- 4. Entergy Update..... Carl Monroe
- 5. Strategic Plan .....Michael Desselle
- 6. Robust Transmission System Update .....Katherine Prewitt
- 7. Federal Funds Task Force Update..... Les Evans
- 8. FERC NOPR on Transmission Planning and Cost Allocation..... Les Dillahunty
- 9. Summary of Action Items .....Michael Desselle
- 10. Future Meetings.....Michael Desselle
  - October 14, 2010      Kansas City
  - January 13, 2011      Austin, TX

**Joint Meeting of SPC and CGC**

- 11. Transmission Construction Withdrawal Obligations of TOs..... Stacy Duckett
- 12. Withdrawal from Membership/Provision of Services..... Stacy Duckett

**Corporate Governance Committee Meeting**

- 1. Call to Order and Administrative Items..... Nick Brown
- 2. Finance Committee Action Items..... Stacy Duckett
  - a. Vacancy
  - b. Formation of Credit Working Group
- 3. Organizational Effectiveness
  - a. Annual Survey Schedule ..... Stacy Duckett
  - b. Chairs and Secretaries Workshop..... Stacy Duckett
  - c. Rules for Public Participation in SPP Meetings..... Nick Brown
  - d. NACD Governance Survey Results ..... Nick Brown
- 4. Voting Structure..... Nick Brown
  - a. Affiliate Voting
  - b. Members Committee Voting
- 5. Future Meetings..... Nick Brown
  - September 2, 2010    Location TBD

**Southwest Power Pool**  
**STRATEGIC PLANNING COMMITTEE MEETING**  
**January 14, 2010**  
**Sheraton New Orleans Hotel – New Orleans, LA**

• M I N U T E S •

**Agenda Item 1 – Administrative Items**

Ricky Bittle (AECC) called the meeting to order at 8:00 A.M. SPC members participating in person or by phone were Jim Eckelberger (Director); Josh Martin (Director); Harry Skilton (Director); Rob Janssen (Dogwood); Mel Perkins (OGE) by phone; Pat Pope (NPPD) by phone; Mike Palmer (EDE); Les Evans (KEPCO); Mike Wise (GSEC); and, David Hudson (proxy for Tim Woolley (Xcel). SPP Staff included Michael Desselle, Les Dillahunty, Bruce Rew, Katherine Prewitt, Carl Monroe (by phone), Jay Caspary (by phone) and Stacy Duckett (by phone). Others guests participated in person or via phone (Attendance – Attachment 1).

Mr. Bittle referred to the minutes of October 15, 2009, November 18-19, 2009 and December 7, 2009 and asked for additions or corrections (Minutes 10/15/09, 11/18-19/09 and 12/07/09 – Attachment 2). Following a motion by Harry Skilton seconded by Josh Martin the minutes were passed by acclamation.

Following a recommendation from Les Evans to add an additional agenda item for consideration by the Committee (Federal Funding Considerations for 345 kV or 765 kV), the agenda was adopted by acclamation.

**Agenda Item 2 – Review Past Action Items**

Michael Desselle provided a review of past action items.

**Agenda Item 3 – Markets and Operations Policy Committee Update**

Bill Dowling (Midwest Energy) provided a brief informational report following the MOPC Meeting from the previous two days (MOPC Report – Attachment 3). His report provided an update on the Wind Integration Task Force report, MOPC acceptance of the work product and recommendations for further work by SPP Working Groups and Staff. He provided an update on the Market Working Group's (MWG) Future Markets design document. The Design Document will form the basis for protocol, business practice and tariff development. Noting that the document is posted, MOPC is seeking review by all and comments are due no later than March 1. The MWG will then provide a list of issues where no solid consensus exist by March 5 and by March 9 an agenda for a special meeting of the MOPC (date to be determined) will be posted. MWG and MOPC expect 1-5 contentious issues to be discussed and Bill provided an example (marginal pricing of losses). Bill updated the Committee on the RTWG activities noting several areas that the MOPC approved tariff modifications. With respect tariff changes on the Integrated Transmission Planning (ITP), Priority Projects and Highway/Byway funding, he noted that the MOPC discussed several options and that Les Dillahunty would provide more detail in his report that follows. Bill reported that the MOPC had endorsed the 2009 STEP report and discussed the Appendix B projects. MOPC approved Appendix B and will recommend approval to the Board despite a noted confusion related to project funding and recognizing clarification is required from the RSC. MOPC heard an update on Priority Projects and noted that an additional meeting in March may be needed after comments from the initial draft and the February 10, 2010 Priority Projects Workshop have been incorporated. Finally, Bill reported that the MOPC endorsed the scoping effort on Integrated Resource Planning (ITP) and encouraged staff to go forward.

**Agenda Item 4 – Strategic Plan Status Report**

Michael Desselle provided a recap of the report (Strategic Plan – Progress Dashboard – Attachment 4) and (Strategic Plan Progress Dashboard Detail – Attachment 5).

**Agenda Item 5 – Annual Organizational Group Survey Results Discussion**

Michael Desselle provided a recap of the report (Organizational Group Survey Analysis – Attachment 6).

**Agenda Item 6 – SPC Annual Work Plan and Planning Process Strawman**

Ricky Bittle initiated a discussion to formalize the interaction and coordination between the SPC, Finance Committee (FC), Board and the SPP Staff budget timeline with respect to the SPP Strategic Plan. A timeline of meetings was provided as background (SPP 2010 Meetings – Attachment 7) to highlight the opportunities for collaboration between the FC, SPC and Staff in the June to July timeframe. No decisions were made. Some strategic planning process considerations were also discussed.

**Agenda Item 7 – Federal Funding Considerations for 345 kV or 765 kV**

Les Evans asked that this item be added to the agenda. He noted that the “landscape” has changed this year and that the timing may now be right for SPP to look at federal funding for incremental transmission associated with double circuit 345 kV or 756 kV facilities. He suggested that there are opportunities for SPP to explore. Mel Perkins agreed. He suggested that such an effort be pursued in a “sponsor” framework rather than a “contributor” framework in order to keep ownership issues clearer (in other words, no federal ownership for a piece of the facility). Brian Weber (ETA Holdings) having been involved in this type of effort cautioned the Committee on some of the timing, probability and process concerns. There were other expressions of support for pursuing and developing a process to seek such funds, as well as suggestions of who should also be involved. A task force of the SPC will be formed to address this further. This would also be addressed at the RSC.

**Agenda Item 8 – Intra-Regional Transmission Expansion – ITP/Priority Projects (PP)**

Bruce Rew provided a status report on the progress of the Priority Project efforts (Priority Projects Analysis Update – Attachment 8). There was significant discussion of the impact of the 2009 STEP Appendix B identified transmission facilities on the Priority Projects. There was a commitment to compare the PP impact on the 2009 STEP by year-end and while there were generic ramifications to address, the direction of the Committee was to move forward with the Priority Projects.

Les Dillahunt provided a status report on the progress of the Highway/Byway and ITP planning tariff modifications and implementations issues as well as the tariff modifications associated with the ITP Planning Process (H/B Implementation Update – Attachment 9). There was significant discussion of the regulatory filing implications. Concerns centered on the issue of bundling or bifurcating the regulatory filings at FERC on Attachment J (cost allocation) and Attachment O (planning). Les reported on the concerns expressed about the starting point or implementation mechanism for the H/B cost allocation: was a specific date in time the appropriate trigger, the STEP approval the appropriate trigger, or some other timing mechanism. There are also questions about whether NTCs are the appropriate triggers in the cost allocation process. Finally, he noted there are concerns about the percentage of the Highway that should be charged to the regional rate.

Jay Caspary provided a status report on the analysis to derive strategic and other benefits of EHV transmission expansion (Strategic and Other Benefits of EHV – Attachment 10). He noted that KEMA has been engaged to perform this effort. There was agreement on the study effort to develop other “soft” benefits.

Katherine Prewitt provided a status report on the ITP efforts underway (ITP 20 Year Assessment Scope and Futures for ITP 20-year Assessment – Attachment 11). She specifically reviewed the future scenarios discussed with the MOPC the previous day. She recapped the renewable sensitivities to be studied, the carbon pricing changes, resource plan combinations to analyze and the remaining

challenges. Consistent with the MOPC polling, the SPC agreed that the ITP study scope and scenarios are “moving down the right path”.

On behalf of the CAWG, Mike Proctor provided an update on the benefit metrics for Priority Projects (Update on Benefit Metrics for Priority Projects – Attachment 12). He discussed ways to begin measuring the benefits that currently are not being captured in cost/benefit analyses today.

Finally, Bruce Rew began a dialogue to develop future criteria for a “robust” SPP transmission system. He began the dialogue by asking 3 questions (See slides 7-10 of Attachment 8):

- How will load be studied?
- How will generation be studied?
- How will a robust transmission system be studied?

Because the concepts are strategic, the SPC has begun this dialogue and will be seeking feedback from members that would ultimately have Board concurrence to serve as guidance for future robust transmission development in the SPP. Criteria agreed to by the Committee during the meeting as a starting point include:

- Cost effectiveness standards would be applicable
- Ability to deliver reserves under everyday economic uses
- Transmission adequate to support a 20% renewable portfolio
- System load growth that is 10% above long-term projected growth
- Transmission system margins based upon emergency rating capacities at 95% v. 100%
- Targeted LMP prices averaging within 20%

#### **Agenda Item 9 – Status Report on Withdrawal Obligations of TOs**

Due to a lack of time, this item was not addressed.

#### **Agenda Item 10 – Summary of Action Items**

Action items are:

- Form a task force to explore and develop process to seek federal funding for transmission.
- Staff is to bring back proposal for consideration regarding TO withdrawal obligations.

#### **Agenda Item 11 – Discussion of Future Meetings**

The 2010 Strategic Planning Committee meeting dates are:

May retreat	May 6-7
July 15	Omaha
October 14	Kansas City

Respectfully Submitted,

Michael Desselle  
Secretary

**Southwest Power Pool**  
**STRATEGIC PLANNING COMMITTEE MEETING**  
**June 17, 2010**  
**Teleconference**

• M I N U T E S •

**Agenda Item 1 – Administrative Items**

Ricky Bittle (AECC) called the meeting to order at 2:00 p.m. SPC members participating were Harry Skilton (Director); Rob Janssen (Dogwood); Mel Perkins (OGE); Pat Pope (NPPD); Mike Palmer (EDE); Les Evans (KEPCO); Mike Wise (GSEC); and Tim Woolley (Xcel). SPP Staff included Michael Desselle, Stacy Duckett, Les Dillahunty, Nick Brown, Lanny Nickell, Tom Dunn and Carl Monroe. Others guests included Steve Bruckner (OPPD) and Bary Warren (EDE).

**Agenda Item 2 – Defining Withdrawal of Membership and Provision of Services for Fee to Members**

Staff initiated a discussion amongst the SPC members to obtain guidance and direction on a series of questions posed in a report to SPC members dated May 6, 2010 (Attachment 1). Omaha Public Power District (OPPD) is a Transmission Owner (TO) member of SPP and has its facilities under SPP's Tariff. OPPD has recently provided notice to SPP that it intends to withdraw its facilities from the Tariff, will change its membership status to Non-Transmission Owner (non-TO), but would like to continue to take certain services offered by SPP. The services are currently only offered to eligible SPP member entities, or to non-members via contract, not to a member entity via contract. While OPPD's request triggered the questions, these issues could arise again so the discussion and guidance from SPC members was generic in nature. Staff will take the committee's strategic guidance and consider clarifications to the Bylaws for consideration by the Corporate Governance Committee and the SPC in a joint meeting on July 15, 2010.

Following discussion the meeting was adjourned at 3:00 p.m.

Respectfully Submitted,

Michael Desselle  
Secretary



**Southwest Power Pool, Inc.**  
**STRATEGIC PLANNING COMMITTEE**  
**Pending Action Items Status Report**  
**July 15, 2010**

<b>Action Item</b>	<b>Date Originated</b>	<b>Status</b>	<b>Comments</b>
Form a task force to explore and develop process to seek federal funding for transmission.	January 14, 2010	Complete	Task force formed. Status update on agenda for discussion.
Staff is to bring back proposal for consideration regarding TO withdrawal obligations.	January 14, 2010	Pending	Joint agenda of SPC and CGC will address bylaws changes.













































































































































