SPP Southwest Power Pool Regional Entity

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

Alison Hayes

SPP RE Counsel

Southwest Power Pool
Regional Entity

FERC Order Conditionally Accepting Compliance Monitoring and Enforcement Program Agreements and Revised Delegation Agreements, and Ordering Compliance Filing

The Commission conditionally accepted the modified Regional Entity Delegation Agreements and two Compliance Monitoring and Enforcement Program (CMEP) Agreements that allow SERC to act as CEA for compliance matters involving all registered entity functions for FRCC and SPP within their respective regions, subject to a compliance filing to be made within 90 days of the date of issuance.

(July 12, 2010)

FERC DIRECTIVE #1

1. ***"…we direct that the CMEP Agreements be modified such that SERC will receive any monies from penalties against SPP and FRCC, and that there will be no offset to SPP's or FRCC's assessments from the ERO for such penalty monies."***

Current language in Agreement*:*

"Any penalties to be paid by SPP for violations of Reliability Standards by a SPP Registered Function, shall reduce the portion of the SPP RE ERO Assessment paid by load-serving entities and designees ("LSE") in the SPP region for the subsequent fiscal year, in accordance with the NERC Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards."

FERC DIRECTIVE #2

- ***"…the Commission finds it is necessary to modify the CMEP Agreements by removing the automatic renewal provisions, subject to our re-evaluation and re-approval following the initial term, scheduled to end on December 31, 2012."***

Current language in Agreement:

"Renewal Term. This Agreement shall automatically renew, without any notice or other action by either Party at the end of the Initial Term (12/31/12) and each Renewal Term, for an additional Renewal Term of three (3) years, unless either Party gives written notice to the other Party…"

FERC DIRECTIVE #3

- ***"…we must similarly direct SERC, FRCC, and SPP to alter the corresponding provisions of the Regional Entity Delegation Agreements."***

Current Language in RDA:

"Application of Penalties. All penalty monies received by SPP RE shall be applied as a general offset to the entity's budget requirements for U.S. related activities under this Agreement for the subsequent fiscal year. Funds from financial penalties shall not be directly applied to any program maintained by the investigating entity."

Conference call
Wednesday, July 21, 2010
SPP – FRCC - NERC