

Southwest Power Pool, Inc.
MARKET WORKING GROUP
Recommendation to the Market and Operations Policy Committee
Future Markets Protocols
October 12-13, 2010

Organizational Roster

The following members represent the Market Working Group:

Richard Ross, AEP, Chairman
Keith Sugg, AECC, Vice Chairman
Debbie James, SPP, Secretary
Aaron Rome, Midwest Energy, Inc.
Ann Scott, Tenaska Power Services Co.
Darrell Wilson, OGE
Gene Anderson, OMPA
James Liao, WFEC
Jessica Collins, Xcel Energy
Lee Anderson, Lincoln Electric System
Michael Wise, Golden Spread Electric Cooperative
Patricia Denny, KCPL
Randy Gillespie, Kelson Energy
Rick McCord, EDE
Rick Yanovich, OPPD
Shah Hossain, Westar Energy, Inc.

Background

In December 2009, the MWG finalized the MWG decisions to-date in the Future Markets Mid-Level Design document, which was presented to the MOPC for feedback in January 2010. Feedback received from the MOPC, BOD, RSC and all interested stakeholders was consolidated and presented back to the MOPC in April 2010. As a result of this meeting, the MOPC approved the Mid-Level Design document.

The Mid-Level Design document was used as a basis for developing the detailed Future Markets Protocols. The MWG met regularly from December 2009 until September 2010 to debate and discuss the more specific design topics and detailed information for inclusion in the Future Markets Protocols document. The following is a list of the major protocol design elements that have changed since the Mid-Level Design document was finalized by the MWG in December 2009:

- Must-Offer Requirement in DA Market
 - There will now be a mandatory offer requirement for physical Resources that are not on a planned, forced or otherwise approved outage.
- Transmission Congestion Rights/Auction Revenue Rights Processes
- Transfer of Operating Reserve between Reserve Zones
- Jointly Owned Units Modeling.

Additionally, the MWG recognizes that the following design elements need further development in the Future Markets Protocols:

- Sections related to ARRs/TCRs (Allocation, Settlements, Market Clearing)

- Regulation Cost Allocation to Load plus Resources
- Allocation of Over-Collection of Losses
- There may be additional sections that MWG chooses to add clarifying text.

Recommendation

MWG recommends the MOPC endorse the Future Market Protocols document as the working document to continue the development of business requirements, begin development of implementation budget estimates and begin contracting discussions with vendors. Due to the outstanding discussions concerning items listed above, MWG does not support signing contracts with vendors until these items are substantially resolved. MWG intends to resolve these and any other, outstanding issues prior to the January MOPC meeting. Changes to the October 12, 2010 Future Market Protocols document will be presented to the MOPC with an explanation of the changes and, if appropriate, a system impact assessment. Changes during this period will not follow the Protocol Revision Request Process.

This recommendation should not be interpreted as an approval by individual MWG members of every single design element.

Action Requested: Endorse the Future Markets Protocols Document.