

November 17, 2011

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *Southwest Power Pool, Inc., Docket No. ER12-_____*
(Amendment to Attachment AE of the Tariff)

Dear Secretary Bose:

Pursuant to section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Part 35 of the Regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 35, Southwest Power Pool, Inc. (“SPP”), as authorized by its Board of Directors, submits amendments to Attachment AE of its Open Access Transmission Tariff (“Tariff”)¹ to delete the requirement for SPP to perform and post a daily simultaneous feasibility deliverability analysis study of the day-ahead resource plans in the SPP Energy Imbalance Market (“EIS Market”). SPP requests an effective date of January 17, 2012 for the amendments, which is 61 days after the date of this filing.

I. DESCRIPTION OF SPP

SPP is a Commission-approved Regional Transmission Organization (“RTO”). It is an Arkansas non-profit corporation with its principal place of business in Little Rock,

¹ Southwest Power Pool, Inc., FERC Electric Tariff, Sixth Revised Volume No. 1 (“SPP Tariff”).

Arkansas. SPP currently has 64 members in 9 states and serves more than 6 million households in a 370,000 square-mile area. Its members include 14 investor-owned utilities, 11 municipal systems, 12 generation and transmission cooperatives, 4 state agencies, 7 independent power producers, 10 power marketers, and 6 independent transmission companies.

As an RTO, SPP provides open access transmission service over approximately 50,000 miles of transmission lines in 8 states – Arkansas, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, and Texas. Relevant to this filing, SPP also administers the EIS Market in the SPP Region.

II. REMOVAL OF SIMULTANEOUS FEASIBILITY DELIVERABILITY ANALYSIS STUDY REQUIREMENT

In its March 20, 2006 order accepting in part and rejecting in part SPP's Tariff revisions implementing a real-time EIS Market, the Commission required SPP to "modify its tariff to clarify that it will undertake a simultaneous feasibility deliverability analysis in evaluating the day-ahead resource plans."² The stated reason for such an analysis was "to ensure that SPP will not rely on emergency curtailments to manage infeasible situations on an after-the-fact basis."³ Since 2007, SPP has been performing daily simultaneous feasibility deliverability analyses. During this time, SPP has found that these daily analyses do not serve the function intended by the Commission or otherwise produce useful information. Most of the inputs into the analyses fluctuate and thus the

² *Southwest Power Pool, Inc.*, 114 FERC ¶ 61,289, at P 41 ("*SPP Market Order*"), *order on reh'g*, 116 FERC ¶ 61,289 (2005).

³ *SPP Market Order* at P 41.

results of the analyses rarely predict what actually happens in real time the next day. For example, the day-ahead resource plans that provide the vital inputs into the analyses may be changed up to twenty minutes prior to the operating hour being studied. In addition, the unpredictability of non-market impacts inhibits the usefulness of the simultaneous feasibility deliverability analyses as a tool to evaluate the day-ahead market.

Furthermore, there currently are other more reliable mechanisms in place to ensure that SPP “will not rely on emergency curtailments to manage infeasible situations on an after-the-fact basis.”⁴ First, a congestion management study executes at noon every day that studies the next operating day. This study looks ahead at projected flows, generation dispatch, and projected transmission constraints based on submitted resource plans in the EIS Market, which can predict the occurrence of an infeasible situation. Second, SPP performs a Resource Plan Validation (“RPV”) twice daily to ensure that there are no imbalances or mismatches as a result of the submitted day ahead resource plans. The results of the RPs are provided to the market participants and are updated as necessary based their respective day ahead resource plans. RPs ensure resource sufficiency and notify market participants of any impending issues with their resource plans. Third, the SPP outage coordination group performs detailed current and next-day analysis for the entire footprint and coordinates with the members to engage in any necessary mitigation that is required as a result of such expected conditions. This process also helps prevent infeasible situations.

⁴ *SPP Market Order* at P 41.

In addition, each of the 16 individual Balancing Authorities within the SPP footprint must meet mandatory NERC standards that require each Balancing Authority to plan in such a way that ensures deliverability.⁵ Their responsibility is to make sure that generation is dispersed and reliable, which guards against the occurrence of infeasible situations.

Because of the generally unreliable and inaccurate nature of information provided by the results of the simultaneous feasibility deliverability analyses, neither SPP nor its market participants have found them useful in conducting market activities. Moreover, conducting such daily analyses is very time-consuming for SPP operations shift engineers. Given the lack of useful information resulting from the analyses, and the more reliable alternative mechanisms for addressing infeasible situations, conducting the analyses is no longer an efficient or justifiable use of SPP resources.

As the Commission has recognized when SPP's EIS Market was young, "[g]iven time for the resource planning process to work in SPP's market, SPP may be able to demonstrate that some refinement to its imbalance processes is appropriate."⁶ This is one of those cases. SPP's experience over the last four years has demonstrated that conducting daily simultaneous feasibility deliverability analyses rarely results in useful

⁵ See North American Electric Reliability Corporation (NERC) Standard TOP-002-2b — Normal Operations Planning: **R5.** (Each Balancing Authority and Transmission Operator shall plan to meet scheduled system configuration, generation dispatch, interchange scheduling and demand patterns); **R7.** (Each Balancing Authority shall plan to meet capacity and energy reserve requirements, including the deliverability/capability for any single Contingency).

⁶ *Southwest Power Pool, Inc.*, 118 FERC ¶ 61,120, at P 25 (2007).

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information or aids in managing infeasible situations and therefore is not worthwhile. SPP's stakeholders agree. On June 21, 2011, the SPP Markets Working Group unanimously approved removing the daily simultaneous feasibility deliverability analysis requirement from the Tariff. On June 23, 2011, the Operating Reliability Working Group also approved the change and determined that it would result in no reliability impact. On June 29, 2011, the Regional Tariff Working Group approved the Tariff changes. Likewise, the Markets and Operations Policy Committee approved the Tariff changes at its July 12-13, 2011 meeting. Finally, on July 26, 2011, the SPP Board of Directors authorized this filing.

Removal of the requirement that SPP conduct daily simultaneous feasibility deliverability analyses refines the EIS Market process and benefits market participants by freeing up SPP staff to conduct more productive tasks, rather than conducting studies that do not fulfill the purpose for which they were initiated or otherwise provide useful information.

III. AMENDMENTS TO ATTACHMENT AE

Attachment AE of the Tariff provides the procedures for the EIS Market, including the requirement to conduct daily simultaneous feasibility deliverability analyses. To remove this requirement, SPP proposes to amend Section 2.4.2 of Attachment AE. The first sentence of that section is revised: (i) to remove the phrase "Between 1300 and 1500 Central Prevailing Time on the day prior to the Operating Day" and (ii) to add that the words "have the capability to." The purpose of these changes is to remove the requirement to conduct a daily simultaneous feasibility deliverability analysis but retain the ability to run such a study if required in the future. In addition, Section

2.4.2(b)(iii) is deleted as it relates to actions required if a simultaneous feasibility analysis reveals that a market participant's resource plan cannot be implemented reliably. As SPP no longer will be conducting the daily simultaneous feasibility deliverability analysis, this section is no longer required.⁷ Moreover, as explained above, there are other more effective mechanisms in place to detect and notify market participants of infeasible situations and when a market participant's resource plan cannot be implemented reliably.

These tariff revisions, which remove the daily simultaneous feasibility deliverability analysis requirement are just and reasonable, as the daily analyses have proven to produce inaccurate and unusable results and do not fulfill their original intended purpose, conducting the studies is an inefficient use of SPP resources, and alternative mechanisms exist for ensuring that SPP does not rely on emergency curtailments to manage infeasible situations (the original purpose of the analyses).

IV. ADDITIONAL INFORMATION

A. Information Required by the Commission's Regulations

1. Documents submitted with this filing:

In addition to this transmittal letter, SPP is submitting in electronic format clean and redlined versions of the proposed revisions.

⁷ SPP also will make the appropriate changes to its protocols in accordance with the Tariff amendments filed herein.

2. Effective date:

SPP requests that the Commission accept the proposed revisions to the SPP Tariff effective January 17, 2012, 61 days after the date of this filing.

3. Service:

SPP has served a copy of this filing on all its members and customers and affected state commissions. A complete copy of this filing will be posted on the SPP web site, www.spp.org.

4. Requisite agreements:

The SPP Board of Directors approved the proposed revisions to the SPP Tariff on July 26, 2011. The proposed revisions require no further agreements.

5. Estimate of transactions and revenues:

Not applicable.

6. Basis of rates:

The basis for the proposed Tariff revisions is explained above.

7. Comparison to rates for similar services:

Not applicable.

8. Specifically assignable facilities installed or modified:

There are none.

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B. Communications

Correspondence and communications with respect to this filing should be sent to, and SPP requests the Secretary to include on the official service list, the following:

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V. CONCLUSION

For the foregoing reasons, SPP requests that the Commission accept the amendments to Attachment AE of the Tariff as just and reasonable, with an effective date of January 17, 2012.

Respectfully submitted,



Wendy N. Reed
Carrie L. Bumgarner

**Attorneys for
Southwest Power Pool, Inc.**

2.4.2 Review and Assessment of Resource Plans

The Transmission Provider shall have the capability to perform a review of the operating capacity scheduled in each Market Participant's Resource Plan. This review shall include an assessment of the total operating capacity scheduled in each hour of the next Operating Day and a simultaneous feasibility study to ensure that such operating capacity is deliverable in each hour of the next Operating Day.

(a) **Supply Adequacy Analysis**

The inputs to the supply adequacy analyses shall be the load forecasts developed pursuant to Section 2.1 and submitted under Section 2.2, the Resource Plans submitted pursuant to Section 2.2 the energy obligations calculated under Section 2.2 and Ancillary Service Plans submitted pursuant to Section 2.3. The objective of performing the supply adequacy analysis is to ensure there is sufficient operating capacity scheduled so that the Transmission Provider may operate the system reliably to meet the load forecast . For each hour, the Transmission Provider shall determine if each Market Participant's energy obligation as set forth in Section 2.2 is: (i) less than the aggregate of the Dispatchable Maximum Limits; and (ii) greater than the aggregate of the Dispatchable Minimum Limits submitted in its Resource Plan. Similarly, for each Balancing Authority Area, the Transmission Provider shall determine if the Balancing Authority's energy obligation set forth in Section 2.2 is: (i) less than the aggregate of the Dispatchable Maximum Limits; and (ii) greater than the aggregate of the Dispatchable Minimum Limits submitted in all Market Participant Resource Plans in that area. If the Transmission Provider determines there is an Energy Obligation Deficiency or Energy Obligation Excess in any hour of the next Operating Day within a Balancing Authority Area, the Transmission Provider shall immediately notify those Market Participants within that Balancing Authority Area that have an Energy Obligation Deficiency or Energy Obligation Excess, as applicable, in that hour. Such Market Participant shall correct the deficiency or excess and resubmit revised plans and/or schedules to the Transmission Provider by the later of 1700 on the day prior to the Operating Day or two hours following notification by the Transmission Provider.

(b) Simultaneous Feasibility Analysis

- (i) The inputs to the simultaneous feasibility analyses shall be the load forecasts developed pursuant to Section 2.1, the Resource Plans submitted pursuant to Section 2.2, including any applicable Energy Schedules, Offer Curves submitted pursuant to Section 2.5 and Ancillary Service Plans submitted pursuant to Section 2.3. The simultaneous feasibility analysis determines the impacts of single transmission facility contingencies on a set of monitored transmission facilities.
- (ii) To verify that the submitted Resource Plans and applicable Energy Schedules can be implemented reliably, the Transmission Provider shall determine if all constraints identified in the simultaneous feasibility analysis can be resolved through; (i) the simulated dispatch of Dispatchable Resources only; and (ii) simulation of potential impacts that a TLR may have on the constraint as described in the Market Protocols. If such constraints can be resolved, the Transmission Provider shall post a notification on its website identifying the projected constraint and that TLR may be necessary to resolve the issues in Real-Time.

2.4.2 Review and Assessment of Resource Plans

~~Between 1300 and 1500 Central Prevailing Time on the day prior to the Operating Day,~~
The Transmission Provider shall have the capability to perform a review of the operating capacity scheduled in each Market Participant's Resource Plan. This review shall include an assessment of the total operating capacity scheduled in each hour of the next Operating Day and a simultaneous feasibility study to ensure that such operating capacity is deliverable in each hour of the next Operating Day.

(a) Supply Adequacy Analysis

The inputs to the supply adequacy analyses shall be the load forecasts developed pursuant to Section 2.1 and submitted under Section 2.2, the Resource Plans submitted pursuant to Section 2.2 the energy obligations calculated under Section 2.2 and Ancillary Service Plans submitted pursuant to Section 2.3. The objective of performing the supply adequacy analysis is to ensure there is sufficient operating capacity scheduled so that the Transmission Provider may operate the system reliably to meet the load forecast . For each hour, the Transmission Provider shall determine if each Market Participant's energy obligation as set forth in Section 2.2 is: (i) less than the aggregate of the Dispatchable Maximum Limits; and (ii) greater than the aggregate of the Dispatchable Minimum Limits submitted in its Resource Plan. Similarly, for each Balancing Authority Area, the Transmission Provider shall determine if the Balancing Authority's energy obligation set forth in Section 2.2 is: (i) less than the aggregate of the Dispatchable Maximum Limits; and (ii) greater than the aggregate of the Dispatchable Minimum Limits submitted in all Market Participant Resource Plans in that area. If the Transmission Provider determines there is an Energy Obligation Deficiency or Energy Obligation Excess in any hour of the next Operating Day within a Balancing Authority Area, the Transmission Provider shall immediately notify those Market Participants within that Balancing Authority Area that have an Energy Obligation Deficiency or Energy Obligation Excess, as applicable, in that hour. Such Market Participant shall correct the deficiency or excess and resubmit revised plans and/or schedules to the

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(i) The inputs to the simultaneous feasibility analyses shall be the load forecasts developed pursuant to Section 2.1, the Resource Plans submitted pursuant to Section 2.2, including any applicable Energy Schedules, Offer Curves submitted pursuant to Section 2.5 and Ancillary Service Plans submitted pursuant to Section 2.3. The simultaneous feasibility analysis determines the impacts of single transmission facility contingencies on a set of monitored transmission facilities.

(ii) To verify that the submitted Resource Plans and applicable Energy Schedules can be implemented reliably, the Transmission Provider shall determine if all constraints identified in the simultaneous feasibility analysis can be resolved through; (i) the simulated dispatch of Dispatchable Resources only; and (ii) simulation of potential impacts that a TLR may have on the constraint as described in the Market Protocols. If such constraints can be resolved, the Transmission Provider shall post a notification on its website identifying the projected constraint and that TLR may be necessary to resolve the issues in Real-Time.

~~(iii) If the Transmission Provider determines through the simultaneous feasibility analysis that the submitted Resource Plans cannot be implemented reliably, the Transmission Provider shall immediately notify the affected Market Participants that their plans are infeasible. The Transmission Provider shall determine each affected Market Participant's responsibility for resolving the infeasibility in accordance with the Market Protocols. Such Market Participants shall revise and resubmit their plans to the Transmission Provider by the later of 1700 on the day prior to the Operating Day or two hours following notification by the Transmission Provider.~~