

March 1, 2013

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. ER12-2292-00_*
(Compliance Filing)

Dear Secretary Bose:

Southwest Power Pool, Inc. submits this compliance filing in accordance with the Commission's September 20, 2012 order¹ in this proceeding conditionally accepting amendments to Attachment AE of its Open Access Transmission Tariff² to facilitate the systematic rather than manual curtailment of Non-Dispatchable Resources³ in the SPP Energy Imbalance Market ("EIS Market") during periods of congestion.

¹ *Sw. Power Pool, Inc.*, 140 FERC ¶ 61,225 (2012) ("September 20 Order").

² Southwest Power Pool, Inc., Open Access Transmission Tariff, Sixth Revised Volume No. 1 ("Tariff").

³ A Non-Dispatchable Resource is a Resource (a) operating in Shut-down Mode; (b) operating in Start-up Mode; (c) operating in Testing Mode; (d) operating under Exigent Conditions; (e) is an Intermittent Resource; or (f) is a Qualifying Facility. *See* Tariff, Attachment AE § 1.1, Definitions N.

I. BACKGROUND

On July 23, 2012, SPP submitted Tariff revisions to amend Attachment AE of the Tariff to permit the systematic curtailment of Non-Dispatchable Resources in the SPP EIS Market during periods of congestion. In the September 20 Order, the Commission conditionally accepted the Tariff revisions subject to a compliance filing, within 90 days of the order (December 19, 2012).⁴ Specifically, the Commission directed SPP to include in the compliance filing:

- Revisions to the Tariff “to specify that automated curtailment applies only prospectively to Non-Dispatchable Resources that become commercially operable on or after October 15, 2012.”⁵
- Revisions to the Tariff to apply automated curtailment to existing Non-Dispatchable Resources (i.e., Resources commercially operable prior to October 15, 2012) to be effective October 15, 2013, and reflecting the results of a stakeholder process established to address “the issues raised by the existing Non-Dispatchable Resources” relating to automating the curtailment of existing Non-Dispatchable Resources.⁶
- Revisions to proposed Sections 4.3(i) and 5.5(f) to delete the reference to “all of” in the phrase “Qualifying Facility exercising its rights under PURPA to deliver all of its net output to its host utility” to be consistent with section 292.304(d)(1) of the Commission’s regulations.⁷
- Revisions to the Tariff that provide that: (i) for point-to-point service, a Non-Dispatchable Resource will receive TLR level 5 priority, up to the amount of firm transmission service that has been reserved for the Non-Dispatchable Resource, regardless of whether the output is scheduled or

⁴ On January 2, 2013, the Commission granted SPP’s motion for an extension of time until March 1, 2013 to submit the compliance filing. *Sw. Power Pool, Inc.*, Notice of Extension of Time, Docket No. ER12-2292-000 (Jan. 2, 2013).

⁵ September 20 Order at P 47.

⁶ *Id.* at PP 47-49.

⁷ *Id.* at P 50.

unscheduled; and (ii) to the extent that a Non-Dispatchable Resource is a designated Network Resource, it will be assigned TLR level 5 curtailment priority, on an equivalent basis with other firm designated network Resources, up to the level of output designated for that Resource (provided that the aggregate generation from designated Network Resources for a particular network load does not exceed the associated network losses). In the alternative, SPP can explain the reasons why it cannot operationally satisfy these requirements.⁸

- An explanation of how the treatment of Non-Dispatchable Resources, including the transition process resulting from the September 20 Order-required stakeholder process, will work within the proposed Integrated Marketplace.⁹

Consistent with the directives in the September 20 Order, during the stakeholder process, SPP Staff and the stakeholders developed a proposal to address the issues relating to the systematic curtailment of existing Non-Dispatchable Resources,¹⁰ as well as a mechanism to determine curtailment priorities for Non-Dispatchable Resources with firm transmission service that would be based on transmission service reservations rather than schedules. The Tariff language implementing these proposals was reviewed and approved by the Markets Working Group (“MWG”),¹¹ the Regional Tariff Working

⁸ *Id.* at P 53.

⁹ *Id.* at P 59.

¹⁰ September 20 Order at PP 47–49.

¹¹ See Southwest Power Pool, Inc., *Market Working Group Minutes* (Jan. 22-23, 2013), <http://www.spp.org/publications/MWG%201%2022%2023%2013%20Minutes%20&%20Attachments.pdf>.

Group,¹² the Markets and Operations Policy Committee,¹³ and finally the SPP Board of Directors/Members Committee on January 29, 2013.¹⁴

On February 13, 2013, SPP filed a petition for a waiver of the Tariff revisions conditionally accepted by the Commission in the September 20 Order for the period October 15, 2012 to May 19, 2013.¹⁵ The waiver would: (1) facilitate SPP's proposal to determine curtailment priorities of Non-Dispatchable Resources with firm transmission service based on reservations rather than schedules consistent with the September 20 Order; and (2) enable SPP to ensure that the software required to implement the systematic curtailment of Non-Dispatchable Resources is fully functional. The effect of the waiver, if granted, will be to postpone the effective date of the accepted Tariff revisions until March 19, 2013. The petition is pending before the Commission.

¹² See Southwest Power Pool, Inc., *Regional Tariff Working Group Minutes* (Jan. 2-4, 2013), <http://www.spp.org/publications/Meeting%20Minutes%20and%20Attachments%201-2%20-%204-2013.pdf>.

¹³ See Southwest Power Pool, Inc., *Markets and Operations Policy Committee Minutes* (Jan. 15-16, 2013), <http://www.spp.org/publications/MOPC%20Minutes%20&%20Background%20Materials%20January%2015-16,%202013.pdf>.

¹⁴ See Southwest Power Pool, Inc., *Board of Directors/Members Committee Minutes* (Jan. 29, 2013), <http://www.spp.org/publications/BOD012913.pdf>. On January 9, 2013, the Operating Reliability Working Group also reviewed and approved the proposed Tariff language.

¹⁵ Petition for Waiver of Tariff Provisions, Docket No. ER12-2292-002 (Feb. 13, 2013) (“Waiver Petition”).

II. COMPLIANCE FILING

A. Compliance Amendments Clarifying Application of Tariff Revisions Accepted in September 20 Order

In the September 20 Order, the Commission conditionally accepted:

SPP's proposal to automate curtailment of *new* Non-Dispatchable Resources (i.e., commercially operable on or after October 15, 2012), subject to SPP making a compliance filing that revises the Tariff provisions to specify that automated curtailment applies only prospectively to Non-Dispatchable Resources that become commercially operable on or after October 15, 2012.¹⁶

It further conditionally accepted "that part of SPP's proposal that applies to *existing* Non-Dispatchable Resources (i.e., commercially operable prior to October 15, 2012), subject to a compliance filing with Tariff revisions reflecting the results of [a] stakeholder process," but not to be effective until October 15, 2013.¹⁷ To comply with these directives, SPP proposes changes to Attachment AE of the Tariff.¹⁸

1. Amendments clarifying that systematic curtailment does not apply to existing Non-Dispatchable Resources until October 15, 2013

To clarify that prior to October 15, 2013, the systematic curtailment rules only apply to new Non-Dispatchable Resources (those in Commercial Operation on or after October 15, 2012), SPP proposes that Section 4.3(i) of Attachment AE be revised to state:

Prior to October 15, 2013, a Non-Dispatchable Resource that has notified or notifies Transmission Provider pursuant to its interconnection

¹⁶ September 20 Order at P 47.

¹⁷ *Id.*

¹⁸ Clean and redlined versions of the amendments to Attachment AE of the Tariff are included with this transmittal letter.

agreement that it commenced Commercial Operation on or after October 15, 2012 shall be instructed to curtail via an XML notification; all other Non-Dispatchable Resources shall be instructed to curtail via a telephone call from Transmission Provider.¹⁹

This revision clarifies that prior to October 15, 2013, Non-Dispatchable Resources that have notified SPP that they commenced “Commercial Operation” prior to October 15, 2012 will not be subject to systematic curtailment. Because the Commission did not define “commercially operable” in the September 20 Order, SPP and its stakeholders determined to use the Commission-accepted definition of “Commercial Operation” from the generator interconnection procedures to identify existing and new Non-Dispatchable Resources for the purposes of applying the Non-Dispatchable Resource systematic curtailment provisions. “Commercial Operation” is defined as: “the status of a Generating Facility that has commenced generating electricity for sale, excluding electricity generated during Trial Operation.”²⁰ In accordance with SPP generator interconnection procedures, each generating facility must notify SPP when it commences Commercial Operation.²¹ The date of Commercial Operation in this notification will be the date used to identify which Non-Dispatchable Resources will be subject to the new curtailment rules.

The use of the definition of “Commercial Operation” and the existing generator interconnection notification procedure is consistent with the September 20 Order and

¹⁹ Tariff, Attachment AE § 4.3(i)(i) proposed.

²⁰ *Id.*, Attachment V, Definitions C. “Commercial Operation” is added to the “Definitions” section of Attachment E.

²¹ *See id.*, Attachment V, Appendix 6, Appendix E (*pro forma* notification of Commercial Operation Date).

reasonable because it: (1) utilizes a Commission-accepted definition of “Commercial Operation;” (2) should reduce potential disputes as to whether and when the systematic curtailment rules apply to Non-Dispatchable Resources, because the Non-Dispatchable Resource will declare its Commercial Operation Date; and (3) SPP is not requiring any additional processes or requirements on the part of a Non-Dispatchable Resource to determine when it has commenced Commercial Operation (i.e., is “commercially operable”).

2. *Amendments exempting certain existing Non-Dispatchable Resources from the systematic curtailment rules*

In the September 20 Order, the Commission required SPP to conduct a stakeholder process to address “the issues raised by the existing Non-Dispatchable Resources in a manner that is consistent with ensuring reliability” and to file Tariff revisions reflecting the results of that stakeholder process that apply systematic curtailment to existing Non-Dispatchable Resources commencing October 15, 2013.²² Accordingly, SPP conducted an extensive stakeholder process to address the issues raised by the existing Non-Dispatchable Resources.²³ After much discussion, SPP and the

²² September 20 Order at P 47. The issues raised by existing Non-Dispatchable Resources generally were that “imposing modifications or retrofits on some older Non-Dispatchable Resources is impossible, impractical or cost-prohibitive” and that SPP should permit “exemptions for some non-Dispatchable Resources and to allow a longer transition period for others.” *Id.* at P 16.

²³ SPP discussed the compliance obligations of the September 20 Order at several MWG meetings. Specifically, SPP discussed the required compliance filing at the October 4, October 23-24, November 12-14, and December 3-5, 2012 MWG meetings. MWG Meeting Documents and Minutes available at http://www.spp.org/committee_detail.asp?commID=24. It further held a face-to-face MWG meeting solely devoted to these issues on November 28, 2012 and conducted an additional MWG phone conference on December 14, 2012. After
(Cont’d . . .)

stakeholders determined that the issues would best be addressed by exempting from the new curtailment rules entirely all Non-Dispatchable Resources that are Intermittent Resources (e.g., wind-powered) with interconnection agreements executed prior to May 21, 2011 and that commenced Commercial Operation prior to October 15, 2012. Therefore, SPP proposes to revise Section 4.3(i) to provide:

On October 15, 2013 and thereafter, all Non-Dispatchable Resources shall be instructed to curtail via an XML notification, except for Intermittent Resources with interconnection agreements executed prior to May 21, 2011 and that commenced Commercial Operation prior to October 15, 2012. Such Intermittent Resources shall be instructed to curtail via telephone call from Transmission Provider.²⁴

This proposal achieves two crucial goals. First, it addresses the issue raised by existing Non-Dispatchable Resources that older Intermittent Resources should be grandfathered because retrofitting such units to comply with new systematic curtailment rules would be “impossible, impractical, or cost-prohibitive.”²⁵ Proposed Section 4.3(i)(ii) exempts older Intermittent Resources (e.g. wind-powered Resources) from having to comply with the new systematic curtailment rules and thus from having to retrofit or modify the units. Notably, concerns about compliance with the new rules only were raised with regard to wind-powered Resources.²⁶ This is not surprising because

(. . . cont'd)

approval by the MWG of the Tariff revisions implementing the compliance proposals, the Regional Transmission Working Group, the Markets and Operations Policy Committee, and the SPP Board of Directors/Members Committee reviewed and approved the revisions. *See supra* notes 11-14.

²⁴ Tariff, Attachment AE § 4.3(i)(ii) proposed.

²⁵ September 20 Order at P 16.

²⁶ *See id.* at PP 16-21.

other types of Non-Dispatchable Resources (e.g., gas turbine units operating in Testing Mode) already are subject to dispatch, which requires responding to automated notifications. Therefore, grandfathering only older Intermittent Resources addresses the concerns raised by existing Non-Dispatchable Resources, as required by the Commission.

Second, exempting Intermittent Resources with interconnection agreements executed prior to May 21, 2011, from the new systematic curtailment rules is consistent with the market rules for the Integrated Marketplace. In Docket No. ER12-1179, SPP filed rules that permit wind-powered Variable Energy Resources to register as Non-Dispatchable Variable Energy Resources²⁷ only if they executed interconnection agreements prior to May 21, 2011.²⁸ This consistency will facilitate a smooth transition

²⁷ A Variable Energy Resource is a “device for the production of electricity that is characterized by an energy source that: (1) is renewable; (2) cannot be stored by the facility owner or operator; and (3) has variability that is beyond the control of the facility owner or operator.” Submission of Tariff Revisions to Implement SPP Integrated Marketplace of Southwest Power Pool, Inc., Docket No. ER12-1179-003, at Proposed Tariff Attachment AE § 1.1 Definitions V (Feb. 15, 2013) (“Integrated Marketplace Compliance Filing”). A Dispatchable Variable Energy Resource is a “Variable Energy Resource that is capable of being incrementally dispatched by the Transmission Provider.” A Non-Dispatchable Variable Energy Resource is a “Variable Energy Resource that is not capable of being incrementally dispatched by the Transmission Provider.” Submission of Tariff Revisions to Implement SPP Integrated Marketplace of Southwest Power Pool, Inc., Docket No. ER12-1179-000, at Tariff, Attachment AE § 1.1 Definitions D & N (Feb. 29, 2012) (“Integrated Marketplace Filing”).

²⁸ See *Sw. Power Pool, Inc.*, 141 FERC ¶ 61,048, at PP 85, 117 (2012) (“Integrated Marketplace Order”); Integrated Marketplace Filing at 41. In compliance with the Integrated Marketplace Order, SPP revised Section 2.2(10) of Attachment AE to permit a wind-powered Variable Energy Resource with an interconnection agreement executed on or prior to May 21, 2011 to register as a Dispatchable Variable Energy Resource if it is capable of being incrementally dispatched by the Transmission Provider. Integrated Marketplace Compliance Filing at Tariff, Attachment AE § 2.2(10) proposed.

to the Integrated Marketplace, because the same units will be exempt from systematic curtailment in both the EIS Market and the Integrated Marketplace. In other words, the older Intermittent Resources will not have to make changes to comply with EIS Market rules when such changes will not be required in the Integrated Marketplace. In addition the May 21, 2011 date coincides with the effective date of provisions in SPP's Generator Interconnection Agreement that require generators to be capable of reducing their generation output in increments of no more than fifty MW in five minute intervals.²⁹ This again provides consistency between the EIS Market and Integrated Marketplace rules because the same Resources will be exempt from systematic curtailment in the EIS Market, from registration as Dispatchable Variable Energy Resources in the Integrated Marketplace (unless they choose to so register), and from the requirement to be capable of reducing output in increments of 50 MW or less. These exemptions reduce the burden on older Resources and facilitate their participation in the SPP markets, while still preserving the reliability of the SPP system. Additionally, SPP proposes to amend Section 5.5 of the Tariff (Uninstructed Deviation Charges) to specify that any Non-Dispatchable Resource not subject to curtailment via XML notification (i.e., systematic curtailment) also will not be subject to Uninstructed Deviation Charges. This is consistent with the current practice of not imposing such charges on Resources that are manually dispatched.

²⁹ See Tariff, Attachment V, Appendix 6, Appendix C; *Sw. Power Pool, Inc.*, 135 FERC ¶ 61,148 (2011).

B. Compliance Amendments Establishing a Mechanism to Determine Curtailment Priorities for Non-Dispatchable Resources with Firm Transmission Service Based on Transmission Service Reservations Rather than Schedules

In the September 20 Order, the Commission directed SPP to amend its Tariff to provide that, for firm point-to-point transmission service, a Non-Dispatchable Resource will receive TLR level 5 priority up to the amount of firm transmission service that has been reserved for the Non-Dispatchable Resource, regardless of whether the output is scheduled or unscheduled, and that to the extent that a Non-Dispatchable Resource is a designated Network Resource (and therefore has firm transmission service), it will be assigned TLR level 5 curtailment priority on an equivalent basis with other firm designated Network Resources, up to the level of output designated for that Resource. In the alternative, SPP could provide an explanation as to why it cannot operationally satisfy this directive.³⁰

SPP cannot operationally implement this specific directive, and based on an analysis of SPP's market systems and feedback from stakeholders, several obstacles would have to be overcome to implement it. Specifically, SPP's current market systems require Market Participants to communicate the transmission service they are choosing to use by submitting schedules. These schedules are input into SPP's Curtailment Adjustment Tool ("CAT"). Without the schedules, the market systems do not recognize a Market Participant's transmission service priority. As a result, without extensive modifications to the market systems software, respecting firm transmission rights without regard to schedules is simply not possible. SPP understands that, for similar reasons

³⁰ September 20 Order at P 53.

stakeholder systems and processes also would require modification to enable SPP to determine curtailment priorities for Non-Dispatchable Resources with firm transmission service based on transmission service reservations rather than schedules.

Despite these obstacles, however, SPP and its stakeholders have developed an approach that will enable the determination of curtailment priorities for a Non-Dispatchable Resource with long-term firm transmission service for the entire capacity of the Resource based on transmission service reservations rather than schedules. In brief, SPP proposes a stakeholder-approved mechanism whereby curtailment equivalent to firm service will be implemented for both the unscheduled and scheduled output of (i) Non-Dispatchable Resources with long-term firm transmission service for the full capacity of the Non-Dispatchable Resource, and (ii) Non-Dispatchable Resources with monthly short-term firm transmission service that have pending requests for long-term firm transmission service for the full capacity of the Resource. The mechanism will apply to Non-Dispatchable Resources with long-term firm point-to-point transmission service and Non-Dispatchable Resources that are designated Network Resources, and therefore receive firm service, and will result in both the unscheduled and scheduled portions of the output from such Resources receiving firm treatment by SPP's CAT tool.

Because the CAT tool is required to implement the proposed mechanism, for Non-Dispatchable Resources with long-term firm transmission service to be curtailed equivalently to firm service for the entire reserved amount of their output, they must be systematically, not manually, curtailed. Systematic curtailment is required because the Tariff allows transmission customers to buy firm point-to-point transmission service on a daily, weekly, monthly, and yearly basis and/or in combination with non-firm

transmission service. As a result, during any given day, there is the potential for the same Resource to be using a different priority service, and the market software and CAT tool therefore must depend on the communicated transmission customer energy schedules that identify the particular transmission reservations being used at any given time to evaluate curtailment priority. Furthermore, any Resource in the EIS Market footprint could be in Non-Dispatchable Resource status in any hour. Therefore, because of the variability of the transmission service that may be involved, communicating curtailment instructions to firm transmission customers must be systematic to be effective.

For similar reasons, SPP and its stakeholders determined that it is operationally feasible to apply the proposed mechanism only to (i) a Non-Dispatchable Resource that is a designated Network Resource and thus has long-term firm transmission service or that otherwise has long-term firm transmission service for the full capacity of the Resource and (ii) a Non-Dispatchable Resource that has monthly short-term firm service and a pending request for long-term firm transmission service for the full capacity of the Resource.

Because the Tariff allows transmission customers on a given day to buy firm point-to-point transmission service on a daily, weekly, or monthly, basis and/or in combination with non-firm transmission service, it would be virtually impossible for SPP to base all curtailments solely on reservations, without the use of schedules to determine the varying service that could be used. As a result, SPP and its stakeholders developed an approach that would curtail, equivalent with firm service, and based on reservations and not schedules, only Non-Dispatchable Resources that have long-term firm service for the full capacity of the Resource or that have confirmed monthly service along with pending

long-term firm service requests for the full capacity of the Resource. This approach is possible because the information in the market tools regarding firm service is more static and does not change between market model updates, and is operationally feasible to implement.³¹ This approach also is beneficial because it permits a Non-Dispatchable Resource with short-term firm service to be treated as firm, during the period its request for long-term firm service is being studied and processed.

Due to the flexibility the Tariff allows to buy and sell transmission service, schedules are the mechanism SPP and its stakeholders had chosen to communicate which transmission service a customer is electing to use during any given hour (which also is the industry standard). But, to comply with the September 20 Order, SPP and its stakeholders evaluated potential approaches that would enable SPP to gain insight into what transmission service is being used by the Non-Dispatchable Resources without using schedules. Because of the potential for significant changes on a daily basis for any given Resource, they determined that the most feasible approach would be to apply the firm treatment to Resources with service that is long-term. Long-term service does not

³¹ As stated in SPP's business practices, to be eligible for firm treatment, Non-Dispatchable Resources with monthly short-term firm service with pending long-term service requests must have a request that: (1) is in the long-term study queue, (2) is confirmed 15 days prior to the start of a market model change, and (3) covers the first day of the applicable Market Model upload timeframe and extend at least two months. These requirements eliminate all of the possible changing variables that often occur with shorter-term requests and thus make the firm treatment feasible. See Southwest Power Pool, Inc., *Open Access Transmission Tariff Business Practices*, (Apr. 17, 2012), http://www.spp.org/publications/SPP%20Business%20Practices%204_17_2012.pdf.

change day-to-day, is easier to track in OASIS, and can be mapped to a specific Resource.

For these reasons, the mechanism that will enable the determination of curtailment priorities for Non-Dispatchable Resources with firm transmission service based on reservations rather than schedules will apply only to Non-Dispatchable Resources with long-term firm transmission service for the full capacity of the Resource or Non-Dispatchable Resources with monthly firm service that have pending requests for such long-term firm transmission service.

This mechanism also will address Westar's concern regarding the incentive to over schedule.³² By curtailing the entire output of a Non-Dispatchable Resource equivalent to firm service regardless of the schedule, over scheduling will not be necessary to ensure that the actual output generated from the Resource is delivered.³³ In the stakeholder process, Westar supported SPP's proposal.

To clarify the curtailment priority of Non-Dispatchable Resources with long-term firm transmission service for the full capacity of the Resource and with pending requests for such service, SPP proposes to revise Section 4.3(i) to Attachment AE, to state that the "output of the Non-Dispatchable Resource shall be curtailed equivalent to firm service, where the Resource is . . . (2) a Non-Dispatchable Resource with Long-Term Service"³⁴

³² See Limited Protest of Westar Energy, Inc., Docket No. ER12-2292-000, at 2-3 (Aug. 10, 2012).

³³ See *id.* at 2-3.

³⁴ "Long-Term Service" is defined as "Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service of one year or longer." Tariff § 1 Definitions L.

for the full capacity of the Non-Dispatchable Resource; or (3) a Non-Dispatchable Resource receiving monthly short-term firm transmission service, which has a pending request for Long-Term Service.”³⁵

C. Revisions to Proposed Sections 4.3(i) and 5.5(f) to Delete the Reference to “All Of” in the Phrase “Qualifying Facility Exercising Its Rights Under PURPA to Deliver All of Its Net Output to Its Host Utility”

In the September 20 Order, the Commission held that “SPP must revise proposed Section 4.3(i) . . . and Section 5.5(f) to delete the reference to ‘all of’ in the phrase “Qualifying Facility exercising its rights under PURPA to deliver all of [emphasis added] its net output to its host utility’ to be consistent with the requirements of section 292.304(d)(1) of the Commission’s regulations.”³⁶ Accordingly, SPP has made these revisions.

D. Transition to the Integrated Marketplace

Finally, in the September 20 Order, the Commission directed SPP to address in this compliance filing “how the treatment of Non-Dispatchable Resources, including the transition process resulting from the stakeholder–required process directed [t]herein, will work within the proposed Integrated Marketplace.

³⁵ Tariff, Attachment AE § 4.3(i)(v) proposed. This section also specifies that “a Qualifying Facility exercising its rights under PURPA to deliver its net output to its host utility,” will have its output curtailed equivalent with firm service. However, this is only a reorganizational change and not a new proposal. Proposed Sections 4.3(b)(iv) & 4.3(i) contain other minor organizational and clarifying changes to accommodate the amendments required in this compliance filing.

³⁶ September 20 Order at 50.

The transition for Non-Dispatchable Resources from the EIS Market to the Integrated Marketplace should be smooth and not burdensome. Non-Dispatchable Resources that are subject to systematic curtailment in the EIS Market will be the same type of Resources that are classified as Dispatchable Variable Energy Resources in the Integrated Marketplace and will be subject to automated dispatch in the Integrated Marketplace. Likewise, Resources that register as Non-Dispatchable Variable Resources in the Integrated Marketplace and Non-Dispatchable Resources that are not subject to systematic curtailment in the EIS Market (i.e., wind-powered Resources that executed an interconnection agreement prior to May 21, 2011 and commenced Commercial Operation prior to October 15, 2012) are similar type Resources and will be manually curtailed in both the EIS Market and the Integrated Marketplace.³⁷

III. EFFECTIVE DATE

For the reasons stated in the Waiver Petition filed on February 13, 2013, SPP requests an effective date of March 19, 2013 for the amendments filed in this compliance filing, and a deferred effective date of March 19, 2013 for the amendments filed on July 23, 2012 and accepted by the Commission in the September 20 Order.

³⁷ Integrated Marketplace Compliance Filing at 10-11.

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IV. CONCLUSION

For the foregoing reasons, SPP requests that the Commission accept for filing the
Tariff provisions submitted in this compliance filing.

Respectfully submitted,



Barry S. Spector
Carrie L. Bumgarner

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

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 1st day of March, 2013.

A handwritten signature in cursive script, reading "Carrie L. Bumgarner". The signature is written in black ink and includes a long, sweeping horizontal flourish at the end.

Carrie L. Bumgarner

1.1 Definitions C

Commercial Operation

As defined in Attachment V of this Tariff.

Confidential Information

As referenced within Attachments AE, AF and AG to this Tariff, information containing or revealing:

- (a) Any confidential, proprietary, or commercially sensitive information, or information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Market Participant that is conspicuously designated as Confidential Information in writing, on each page of the document, by Disclosing Party at the time the information is provided to Receiving Party, whether conveyed electronically, in writing, through inspection, or otherwise;
- (b) Any confidential, proprietary, or commercially sensitive information, or information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Market Participant that is provided orally and designated as Confidential Information, by Disclosing Party at the time the information is provided to Receiving Party;
- (c) Any customer information designated by the customer as proprietary, unless the customer has authorized the release for public disclosure of such information;
- (d) Any software, products of software or other vendor information that SPP is required to keep confidential under its agreements.

Confidential Information does not include Critical Energy Infrastructure Information (“CEII”) materials as designated by FERC, which must be obtained in accordance with FERC regulations.

Controllable Load

A registered, measurable load that is capable of being reduced at the instruction of the SPP Operator and subsequently increased at the instruction of the SPP Operator in order to provide a dispatchable quantity in the form of a demand response Resource. A Controllable Load must be associated with a demand response Resource.

Coordinated Flowgate

A flowgate defined within a joint operating agreement between the Transmission Provider and another transmission provider as being affected by the transmission of energy on either party's transmission system.

4.3 Coordination of Market Operations under SPP Congestion Management

The Transmission Provider shall use the following process to coordinate the operations of the Energy Imbalance Market during times when a Congestion Management and/or TLR event is declared to manage congestion on one or more flowgates:.

- (a) The Transmission Provider shall identify schedules in the NERC IDC that are also included in Market Flows.
- (b) The Transmission Provider shall submit the Market Flow impact on each Coordinated Flowgate and Reciprocal Coordinated Flowgate to the NERC IDC. The Market Flow impact on each flowgate shall include the aggregate MW flow impacts on the identified flowgate including the following:
 - i. Energy Schedules relating to native load for which no tag has been identified;
 - ii. Energy Schedules entirely within a Balancing Authority Area for which a tag has been identified and where the source is either a Dispatchable Resource or Self-Dispatched Resource; and
 - iii. Energy Schedules between Balancing Authority Areas for which a tag has been identified where the source is a Dispatchable Resource or Load Settlement Location and the sink is a Load Settlement Location.
 - iv. Unscheduled output from Non-Dispatchable Resources subject to curtailment in accordance with Section 4.3(i) in this Attachment AE.
- (c) The Transmission Provider shall assign curtailment priorities to the Energy Schedules causing Market Flow on each flowgate using the identified tags, or for an Energy Schedule associated with native load using an assumed Network Service tag, and in the following priority categories:
 - i. Curtailment priorities for flowgates that have not been defined as a Coordinated Flowgate or a Reciprocal Coordinated Flowgate shall be assigned in accordance with NERC TLR procedures.
 - ii. For Coordinated Flowgates, the Transmission Provider will assign Market Flow in the Firm priority up to the Firm limit with any excess Market Flow assigned as Non-Firm Network.

- iii. For Reciprocal Coordinated Flowgates, the Transmission Provider will divide its Market Flows into Firm, Non-Firm Network, and Non-Firm Hourly curtailment priorities. The Transmission Provider will first assign Market Flow in the Firm priority up to the Firm limit, then assign remaining Market Flow in the Non-firm Network priority up to the Non-firm Network limit, and finally assign any excess Market Flow as Non-firm Hourly.
- (d) The Market Flow contribution associated with Energy Imbalance Service shall be determined by the Transmission Provider by subtracting the Market Flow associated with the Energy Schedules defined in Section 4.3(b) within that priority level defined in Section 4.3(c) from the total calculated Market Flow for that priority. For Coordinated Flowgates, any Market Flow contribution of Energy Imbalance Service in excess of that assigned to the Firm priority shall be assigned a Non-Firm Priority. For Reciprocal Coordinated Flowgates, any Market Flow contribution of the Energy Imbalance Service in excess of amounts assigned to Firm or Non-Firm Network priorities shall be assigned a Non-Firm Hourly priority.
- (e) When congestion occurs on a flowgate that requires a TLR event, the NERC IDC will prescribe curtailments for tags of all Physical Schedules and identify the amount of relief required from Market Flows on the Coordinated Flowgate or Reciprocal Coordinated Flowgate.
- (f) The Transmission Provider shall achieve the required reduction in Market Flows provided by the NERC IDC using its security constrained dispatch software and curtailment/adjustment tool (“CAT”), which curtails schedules identified in Sections 4.3(c) and 4.3(d) in the following order until the desired reduction in Market Flows is achieved:
 - i. To the extent that Market Flows are contributing to the constrained condition, the Transmission Provider shall restrict the ability of the market operating system from contributing further to the constrained condition by binding the Coordinated Flowgate or Reciprocal Coordinated Flowgate constraint. The security constrained dispatch of Dispatchable Resources

shall continue within each priority level until the Market Flows within that priority level have been reduced to zero or the flowgate constraint is eliminated, whichever comes first. Any impact on Locational Imbalance Prices will be calculated per Section 4.4 of Attachment AE.

- ii. Simultaneously with the security constrained dispatch of Dispatchable Resources that contribute to Market Flows, the CAT shall determine if sufficient Energy Imbalance Service exists to achieve the desired Market Flow relief. If there is an insufficient amount of Energy Imbalance Service to achieve the desired Market Flow relief, CAT shall curtail the remaining schedules identified in Section 4.3(c) impacting the Coordinated Flowgate or Reciprocal Coordinated Flowgate, using their assigned priority level, starting from lowest priority to highest, until the desired Market Flow reduction is achieved or until all such schedules in that priority have been reduced to zero. During this curtailment process, CAT also adjusts the Scheduled Generation of Resources, to the extent that such Resources need to be dispatched below their scheduled amount to achieve the desired Market Flow relief, and such adjusted Scheduled Generation shall be used for settlement purposes. The impact of schedule curtailments on Locational Imbalance Prices will be realized as soon as the changes to Self-Dispatched Resource schedules resulting from the curtailments are reflected within the EIS Market dispatch software and Locational Imbalance Prices shall continue to be calculated in accordance with Section 4.4.
- (g) The Transmission Provider shall notify each Market Participant of the aggregate curtailments it is required to make, and such notification shall include Resource name, original schedule, and the generation shift factor associated with their Resources for the constrained flowgates.
- (h) The Transmission Provider shall notify each Market Participant if a curtailment is expected to continue into the next Operating Hour. Market Participants may revise their Energy Schedules or operating schedule for Self-Dispatched

Resources for the next Operating Hour so long as they maintain the required reduction level in Market Flows required.

(i) Curtailment of Non-Dispatchable Resources

(i) Prior to October 15, 2013, a Non-Dispatchable Resource that has notified or notifies Transmission Provider pursuant to its interconnection agreement that it commenced Commercial Operation on or after October 15, 2012 shall be instructed to curtail via an XML notification; all other Non-Dispatchable Resources shall be instructed to curtail via a telephone call from Transmission Provider.

(ii) On October 15, 2013 and thereafter, all Non-Dispatchable Resources shall be instructed to curtail via an XML notification, except for Intermittent Resources with interconnection agreements executed prior to May 21, 2011 and that commenced Commercial Operation prior to October 15, 2012. Such Intermittent Resources shall be instructed to curtail via telephone call from Transmission Provider.

(iii) The XML notification to a Non-Dispatchable Resource shall include the resource name, time period of curtailment, and the curtailment level. A Non-Dispatchable Resource that is instructed to curtail via an XML notification shall operate at the lower of its (1) curtailment level or (2) actual net output.

(iv) The curtailment level of a Non-Dispatchable Resource shall be the sum of the curtailed unscheduled and scheduled portion of the output of Resource as determined by CAT.

(v) The output of the Non-Dispatchable Resource shall be curtailed equivalent to firm service, where the Resource is: (1) a Qualifying Facility exercising its rights under PURPA to deliver its net output to its host utility; (2) a Non-Dispatchable Resource with Long-Term Service for the full capacity of the Non-Dispatchable Resource; or (3) a Non-Dispatchable Resource receiving monthly short-term firm transmission service, which has a pending request for Long-Term Service.

5.5 Uninstructed Deviation Charges

The Transmission Provider shall calculate Uninstructed Deviation Charges for each hour in which a Resource has been determined to have failed to follow the Transmission Provider's dispatch instructions. For all Resources, whether a Dispatchable Resource, a Self-Dispatched Resource, or a Non-Dispatchable Resource (during congested intervals) that failed to follow dispatch instructions in accordance with the procedures set forth under Section 4.1(d) of this Attachment AE, the Transmission Provider shall calculate an Uninstructed Deviation Charge as follows:

- (a) For each Dispatch Interval in an Operating Hour, if a Resource's actual output is greater than $(\text{MaxMW} + \text{RH})$, then that Resource's Uninstructed Deviation Megawatt in that Dispatch Interval is equal to the actual output $- (\text{MaxMW} + \text{RH})$, where MaxMW and RH are as defined under Section 4.1(d) of this Attachment AE;
- (b) For each Dispatch Interval in an Operating Hour, if a Resource's actual output is less than $(\text{MaxMW} - \text{RL})$, then that Resource's Uninstructed Deviation Megawatt in that Dispatch Interval is equal to the actual output $- (\text{MaxMW} - \text{RL})$, where EOL and RL are as defined under Section 4.1(d) of this Attachment AE;
- (c) For each Dispatch Interval in the Operating Hour, if a Resource's actual output is within the acceptable operating range as defined in Section 4.1(d) that Resource's Uninstructed Deviation Megawatt in that Dispatch Interval is equal to zero;
- (d) For each Operating Hour, the Transmission Provider shall calculate an Hourly Uninstructed Deviation Megawatt for each Resource that is equal to the average of the absolute value of the Uninstructed Deviation Megawatts calculated for each Dispatch Interval for each Resource in that Operating Hour.
- (e) For each Operating Hour and for each Resource, the Transmission Provider shall calculate an Uninstructed Deviation Charge:
$$\text{Uninstructed Deviation Charge} = (\text{Min} (\text{Hourly Uninstructed Deviation Megawatt}, 25) * 10 \% + (\text{Max} (0, \text{Hourly Uninstructed Deviation Megawatt} - 25) * 25 \%)) * \text{the absolute value of the Resource Locational Imbalance Price}.$$
- (f) The Uninstructed Deviation Change shall be zero for a Qualifying Facility exercising its rights under PURPA to deliver its net output to its host utility that

refused to register its Resource and has been registered by the Transmission Provider as outlined in Section 1.2.2(g) of this Attachment AE or any Non-Dispatchable Resource not subject to curtailment via XML notification as detailed in Section 4.3(i) of this Attachment AE.

- (g) For each Operating Hour, a Market Participant's Uninstructed Deviation Charge shall be equal to the sum of that Market Participant's Resources' related Uninstructed Deviation Charges.

1.1 Definitions C

Commercial Operation

As defined in Attachment V of this Tariff.

Confidential Information

As referenced within Attachments AE, AF and AG to this Tariff, information containing or revealing:

- (a) Any confidential, proprietary, or commercially sensitive information, or information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Market Participant that is conspicuously designated as Confidential Information in writing, on each page of the document, by Disclosing Party at the time the information is provided to Receiving Party, whether conveyed electronically, in writing, through inspection, or otherwise;
- (b) Any confidential, proprietary, or commercially sensitive information, or information of a plan, specification, pattern, procedure, design, device, list, concept, policy or compilation relating to the present or planned business of a Market Participant that is provided orally and designated as Confidential Information, by Disclosing Party at the time the information is provided to Receiving Party;
- (c) Any customer information designated by the customer as proprietary, unless the customer has authorized the release for public disclosure of such information;
- (d) Any software, products of software or other vendor information that SPP is required to keep confidential under its agreements.

Confidential Information does not include Critical Energy Infrastructure Information (“CEII”) materials as designated by FERC, which must be obtained in accordance with FERC regulations.

Controllable Load

A registered, measurable load that is capable of being reduced at the instruction of the SPP Operator and subsequently increased at the instruction of the SPP Operator in order to provide a dispatchable quantity in the form of a demand response Resource. A Controllable Load must be associated with a demand response Resource.

Coordinated Flowgate

A flowgate defined within a joint operating agreement between the Transmission Provider and another transmission provider as being affected by the transmission of energy on either party's transmission system.

4.3 Coordination of Market Operations under SPP Congestion Management

The Transmission Provider shall use the following process to coordinate the operations of the Energy Imbalance Market during times when a Congestion Management and/or TLR event is declared to manage congestion on one or more flowgates:.

- (a) The Transmission Provider shall identify schedules in the NERC IDC that are also included in Market Flows.
- (b) The Transmission Provider shall submit the Market Flow impact on each Coordinated Flowgate and Reciprocal Coordinated Flowgate to the NERC IDC. The Market Flow impact on each flowgate shall include the aggregate MW flow impacts on the identified flowgate including the following:
 - i. Energy Schedules relating to native load for which no tag has been identified;
 - ii. Energy Schedules entirely within a Balancing Authority Area for which a tag has been identified and where the source is either a Dispatchable Resource or Self-Dispatched Resource; and
 - iii. Energy Schedules between Balancing Authority Areas for which a tag has been identified where the source is a Dispatchable Resource or Load Settlement Location and the sink is a Load Settlement Location.
 - iv. Unscheduled output from Non-Dispatchable Resources subject to curtailment in accordance with Section 4.3(i) in this Attachment AE.
- (c) The Transmission Provider shall assign curtailment priorities to the Energy Schedules causing Market Flow on each flowgate using the identified tags, or for an Energy Schedule associated with native load using an assumed Network Service tag, and in the following priority categories:
 - i. Curtailment priorities for flowgates that have not been defined as a Coordinated Flowgate or a Reciprocal Coordinated Flowgate shall be assigned in accordance with NERC TLR procedures.
 - ii. For Coordinated Flowgates, the Transmission Provider will assign Market Flow in the Firm priority up to the Firm limit with any excess Market Flow assigned as Non-Firm Network.

- iii. For Reciprocal Coordinated Flowgates, the Transmission Provider will divide its Market Flows into Firm, Non-Firm Network, and Non-Firm Hourly curtailment priorities. The Transmission Provider will first assign Market Flow in the Firm priority up to the Firm limit, then assign remaining Market Flow in the Non-firm Network priority up to the Non-firm Network limit, and finally assign any excess Market Flow as Non-firm Hourly.
- (d) The Market Flow contribution associated with Energy Imbalance Service shall be determined by the Transmission Provider by subtracting the Market Flow associated with the Energy Schedules defined in Section 4.3(b) within that priority level defined in Section 4.3(c) from the total calculated Market Flow for that priority. For Coordinated Flowgates, any Market Flow contribution of Energy Imbalance Service in excess of that assigned to the Firm priority shall be assigned a Non-Firm Priority. For Reciprocal Coordinated Flowgates, any Market Flow contribution of the Energy Imbalance Service in excess of amounts assigned to Firm or Non-Firm Network priorities shall be assigned a Non-Firm Hourly priority.
- (e) When congestion occurs on a flowgate that requires a TLR event, the NERC IDC will prescribe curtailments for tags of all Physical Schedules and identify the amount of relief required from Market Flows on the Coordinated Flowgate or Reciprocal Coordinated Flowgate.
- (f) The Transmission Provider shall achieve the required reduction in Market Flows provided by the NERC IDC using its security constrained dispatch software and curtailment/adjustment tool (“CAT”), which curtails schedules identified in Sections 4.3(c) and 4.3(d) in the following order until the desired reduction in Market Flows is achieved:
 - i. To the extent that Market Flows are contributing to the constrained condition, the Transmission Provider shall restrict the ability of the market operating system from contributing further to the constrained condition by binding the Coordinated Flowgate or Reciprocal Coordinated Flowgate constraint. The security constrained dispatch of Dispatchable Resources

shall continue within each priority level until the Market Flows within that priority level have been reduced to zero or the flowgate constraint is eliminated, whichever comes first. Any impact on Locational Imbalance Prices will be calculated per Section 4.4 of Attachment AE.

- ii. Simultaneously with the security constrained dispatch of Dispatchable Resources that contribute to Market Flows, the CAT shall determine if sufficient Energy Imbalance Service exists to achieve the desired Market Flow relief. If there is an insufficient amount of Energy Imbalance Service to achieve the desired Market Flow relief, CAT shall curtail the remaining schedules identified in Section 4.3(c) impacting the Coordinated Flowgate or Reciprocal Coordinated Flowgate, using their assigned priority level, starting from lowest priority to highest, until the desired Market Flow reduction is achieved or until all such schedules in that priority have been reduced to zero. During this curtailment process, CAT also adjusts the Scheduled Generation of Resources, to the extent that such Resources need to be dispatched below their scheduled amount to achieve the desired Market Flow relief, and such adjusted Scheduled Generation shall be used for settlement purposes. The impact of schedule curtailments on Locational Imbalance Prices will be realized as soon as the changes to Self-Dispatched Resource schedules resulting from the curtailments are reflected within the EIS Market dispatch software and Locational Imbalance Prices shall continue to be calculated in accordance with Section 4.4.
- (g) The Transmission Provider shall notify each Market Participant of the aggregate curtailments it is required to make, and such notification shall include Resource name, original schedule, and the generation shift factor associated with their Resources for the constrained flowgates.
- (h) The Transmission Provider shall notify each Market Participant if a curtailment is expected to continue into the next Operating Hour. Market Participants may revise their Energy Schedules or operating schedule for Self-Dispatched

Resources for the next Operating Hour so long as they maintain the required reduction level in Market Flows required.

(i) Curtailment of Non-Dispatchable Resources

(i) Prior to October 15, 2013, a Non-Dispatchable Resource that has notified or notifies Transmission Provider pursuant to its interconnection agreement that it commenced Commercial Operation on or after October 15, 2012 shall be instructed to curtail via an XML notification; all other Non-Dispatchable Resources shall be instructed to curtail via a telephone call from Transmission Provider.

(ii) On October 15, 2013 and thereafter, all Non-Dispatchable Resources shall be instructed to curtail via an XML notification, except for Intermittent Resources with interconnection agreements executed prior to May 21, 2011 and that commenced Commercial Operation prior to October 15, 2012. Such Intermittent Resources shall be instructed to curtail via telephone call from Transmission Provider.

(iii) The XML ~~Such~~ notification to a Non-Dispatchable Resource shall include the resource name, time period of curtailment, and the curtailment level. A Non-Dispatchable Resource that is instructed to curtail via an XML notification ~~When instructed, a Non-Dispatchable Resource~~ shall operate at the lower of its (1) curtailment level or (2) actual net output. ~~In the case of a Qualifying Facility exercising its rights under PURPA to deliver all of its net output to its host utilities, its output shall be curtailed proportionately, equivalent to Firm Service.~~

(iv) The curtailment level of a Non-Dispatchable Resource shall be the sum of the curtailed unscheduled and scheduled portion of the output of Resource as determined by CAT.

(v) The output of the Non-Dispatchable Resource shall be curtailed equivalent to firm service, where the Resource is: (1) a Qualifying Facility exercising its rights under PURPA to deliver its net output to its host utility; (2) a Non-Dispatchable Resource with Long-Term Service for the full capacity of the Non-Dispatchable Resource; or (3) a Non-Dispatchable Resource receiving monthly

short-term firm transmission service, which has a pending request for Long-Term Service.

5.5 Uninstructed Deviation Charges

The Transmission Provider shall calculate Uninstructed Deviation Charges for each hour in which a Resource has been determined to have failed to follow the Transmission Provider's dispatch instructions. For all Resources, whether a Dispatchable Resource, a Self-Dispatched Resource, or a Non-Dispatchable Resource (during congested intervals) that failed to follow dispatch instructions in accordance with the procedures set forth under Section 4.1(d) of this Attachment AE, the Transmission Provider shall calculate an Uninstructed Deviation Charge as follows:

- (a) For each Dispatch Interval in an Operating Hour, if a Resource's actual output is greater than (MaxMW + RH), then that Resource's Uninstructed Deviation Megawatt in that Dispatch Interval is equal to the actual output - (MaxMW + RH), where MaxMW and RH are as defined under Section 4.1(d) of this Attachment AE;
- (b) For each Dispatch Interval in an Operating Hour, if a Resource's actual output is less than (MaxMW - RL), then that Resource's Uninstructed Deviation Megawatt in that Dispatch Interval is equal to the actual output - (MaxMW - RL), where EOL and RL are as defined under Section 4.1(d) of this Attachment AE;
- (c) For each Dispatch Interval in the Operating Hour, if a Resource's actual output is within the acceptable operating range as defined in Section 4.1(d) that Resource's Uninstructed Deviation Megawatt in that Dispatch Interval is equal to zero;
- (d) For each Operating Hour, the Transmission Provider shall calculate an Hourly Uninstructed Deviation Megawatt for each Resource that is equal to the average of the absolute value of the Uninstructed Deviation Megawatts calculated for each Dispatch Interval for each Resource in that Operating Hour.
- (e) For each Operating Hour and for each Resource, the Transmission Provider shall calculate an Uninstructed Deviation Charge:
$$\text{Uninstructed Deviation Charge} = (\text{Min} (\text{Hourly Uninstructed Deviation Megawatt}, 25) * 10 \% + (\text{Max} (0, \text{Hourly Uninstructed Deviation Megawatt} - 25) * 25 \%)) * \text{the absolute value of the Resource Locational Imbalance Price.}$$
- (f) The Uninstructed Deviation Change shall be zero for a Qualifying Facility exercising its rights under PURPA to deliver ~~all of~~ its net output to its host utility

that refused to register its Resource and has been registered by the Transmission Provider as outlined in Section 1.2.2(g) of this Attachment AE or any Non-Dispatchable Resource not subject to curtailment via XML notification as detailed in Section 4.3(i) of this Attachment AE.

- (g) For each Operating Hour, a Market Participant's Uninstructed Deviation Charge shall be equal to the sum of that Market Participant's Resources' related Uninstructed Deviation Charges.