

**UNITED STATE OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

Southwest Power Pool, Inc. ) Docket Nos. ER12-1179-000  
ER12-1179-001

**ANSWER OF  
SOUTHWEST POWER POOL, INC.  
TO COMMENTS OF OMAHA PUBLIC POWER DISTRICT**

Pursuant to Rule 213 of the Federal Energy Regulatory Commission's ("FERC" or ("Commission")) Rules of Practice and Procedure, 18 C.F.R. § 385.213, Southwest Power Pool, Inc. ("SPP") submits this answer to the "Comments of Omaha Public Power District on Second Status Report of Southwest Power Pool, Inc." filed on March 22, 2013, in the referenced proceeding (hereinafter "OPPD Comments").

**I. BACKGROUND**

On March 15, 2013, SPP filed its second status report to update the Commission on efforts to resolve issues associated with the integration of certain so-called grandfathered agreements, or "GFAs" into SPP's proposed Integrated Marketplace.<sup>1</sup> As relevant here, the second status report indicated that, after further analysis, SPP determined that so-called "partial path" reservations held by OPPD on OPPD's own transmission facilities that did not sink to a valid Settlement Location would not be eligible for Auction Revenue Rights ("ARRs") and/or Transmission Congestion Right ("TCRs").<sup>2</sup> Based on that determination, SPP explained that it anticipated no further negotiations with OPPD.

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<sup>1</sup> See Second Status Report of Southwest Power Pool, Inc., Docket Nos. ER12-1179-000 and -001, (Mar. 15, 2013).

<sup>2</sup> *Id.* at 4.

OPPD filed comments on the second status report arguing that SPP's proposed treatment of OPPD's partial path reservations is inequitable and fails to afford OPPD the same treatment as other transmission owners that OPPD claims are "similarly-situated."<sup>3</sup> On this basis, OPPD argues that it should be able to obtain financial rights for its grandfathered partial paths in SPP's Integrated Marketplace.<sup>4</sup>

## II. DISCUSSION

SPP submits that the Commission can summarily rule on this issue. There are no material facts in dispute. To the contrary, SPP and OPPD recognize that: the OPPD GFAs in question represent transmission agreements once utilized by OPPD to make sales to SPP members; the transmission paths under these GFAs originated at resources within OPPD, moved across OPPD's system, and connected with reservations at points on the border with SPP designated as OPPD.WR (Westar) and OPPD.MPS (Missouri Public Service); and, under these prior interchange transactions, OPPD reserved transmission capacity on its own system in order to move power to the former border points for delivery and sale to Westar and Missouri Public Service.

There is likewise no dispute that, after OPPD joined SPP in 2009, these former "border points" no longer existed. Instead, these points became "internal" to SPP such that OPPD's reserved paths were effectively paths to nowhere since no power is delivered, and no load or sink exists, at these former points. Customers purchasing power from OPPD now use network service under SPP's Open Access Transmission Tariff, which provides for secondary transmission service from sources within SPP (including OPPD) to network loads. As OPPD is well aware, under SPP's Tariff, there is

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<sup>3</sup> See OPPD Comments at 5.

<sup>4</sup> *Id.* at 7.

no right to schedule service on these partial paths; rather any service across these paths must be combined with a downstream, “completing” reservation that sinks to a valid Settlement Location. Again, these facts are uncontested.

The disagreement involves the import of these uncontested facts in the context of SPP’s market design. OPPD’s position, as reflected in its comments, is that SPP should create pseudo Settlement Locations (corresponding to the former border points) so that OPPD is able to obtain ARRs and TCRs in SPP’s proposed Integrated Marketplace.<sup>5</sup> However, as SPP has communicated to OPPD and explained to the Commission in the second status report, OPPD’s position is unsound for several reasons.

First, OPPD’s partial paths do not satisfy the North American Energy Standards Board’s (“NAESB”) standards for coordinating interchange transactions. Specifically, NAESB requires that all e-tag interchange transactions contain specific physical information on “load” and “sink.”<sup>6</sup> As described above, the former border points in OPPD’s partial path GFAs designated by OPPD.WR and OPPD.MPS are now internal to SPP and do not represent physical or contractual locations where energy sinks or is consumed. OPPD’s partial path GFAs do not allow transmission service to be scheduled on those paths, and therefore, they cannot serve as the basis for receiving ARRs or TCRs in SPP’s Intergrated Marketplace.

It is also worth noting that in designing its Integrated Marketplace, SPP incorporated physical load and sink requirements similar to NAESB’s e-tag interchange

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<sup>5</sup> *See id.*

<sup>6</sup> *See* NAESB’s Wholesale Electric Quadrant Coordinate Interchange Standards (WEQ-004), Appendix C, 2.1.3 and 2.1.3.1 (defining “load” as a “set of data describing the physical and contractual characteristics of the energy sink” and defining “sink” as a “physical point at which energy is being consumed”).

standards. Thus, for example, SPP's market design requires that Market Participants' Bids and Offers for ARR or TCRs include information on specific source to sink pairs.<sup>7</sup> Under these rules, a source and sink must be tied to a valid candidate "Settlement Location," defined as a Resource, a Load, a Market Hub, or an External Interface.<sup>8</sup> OPPD's partial path GFAs do not deliver power to a valid sink or load and therefore do not satisfy the Tariff's requirement that a GFA "have a source and sink that map to a valid SPP Settlement Location."<sup>9</sup>

Thus, in the context of both NAESB standards and SPP's Tariff requirements, OPPD cannot credibly insist that it is "similarly-situated" to full-path firm transmission customers. To the contrary, only full path reservations that sink to a valid Settlement Location can schedule transmission. This is a critical distinction, and highlights the financial implications of awarding ARRs to partial paths, as OPPD urges. The allocation of ARRs is designed to provide congestion protection corresponding to the cumulative firm transmission rights held by customers across the SPP footprint. Because OPPD's partial paths are unassociated with any valid sink or load, they do not constitute firm transmission rights comparable to reservations on which a customer is entitled to schedule service. Accordingly, the Commission should reject OPPD's arguments.

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<sup>7</sup> See Submission of Tariff Revisions to Implement SPP Integrated Marketplace, Docket No. ER12-1179-000, Attachment AE § 7.2.1 (Feb. 29, 2012) (referring to ARRs); Submission of Tariff Revisions to Implement SPP Integrated Marketplace, Docket No. ER12-1179-003, Revised Tariff at Attachment AE § 7.4.1 (Feb. 15, 2013) (referring to TCRs).

<sup>8</sup> See Submission of Tariff Revisions to Implement SPP Integrated Marketplace, Docket No. ER12-1179-003, Revised Tariff at Attachment AE § 1.1 (Definition S).

<sup>9</sup> OPPD Comments, Exhibit B, GFA Registration Packet: TCR Market at 1. SPP also requires that a GFA "...must represent transmission service across a full firm

## CONCLUSION

For the reasons set forth herein, SPP requests that the Commission confirm that SPP may properly exclude OPPD's partial paths in the allocation of ARRs.

Respectfully submitted,

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path or be combined with supplemental GFAs (or SPP transmission service) that collectively represent a full firm path.” *Id.*

**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 8th day of April, 2013.

/s/ Jeffrey G. DiSciullo  
Jeffrey G. DiSciullo

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