

146 FERC ¶ 61,130
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 26, 2014

In Reply Refer To:
Southwest Power Pool, Inc.
Docket No. ER12-1179-015

Southwest Power Pool, Inc.
201 Worthen Drive
Little Rock, AR 72223

Attention: Matthew Harward, Attorney

Dear Mr. Harward:

1. On December 27, 2013, Southwest Power Pool, Inc. (SPP) submitted its compliance filing containing the certification of readiness to implement the Integrated Marketplace, as required by the Commission's order dated September 20, 2013.¹ On February 18, 2014, SPP submitted to the Commission notification that the North American Electric Reliability Corporation (NERC) approved SPP to operate as a Balancing Authority, as required by the Commission's order dated October 18, 2012.² As discussed below, we accept the compliance filing containing a certification of readiness. We further find that SPP has received the required NERC certification to operate as a Balancing Authority, effective March 1, 2014. Therefore, we approve the start-up and operation of the Integrated Marketplace effective March 1, 2014.

2. In its compliance filing, SPP submits a certification statement from Mr. Bruce Rew, Vice President of Operations at SPP, and an Integrated Marketplace readiness summary prepared by SPP and Accenture, LLC. Mr. Rew states that: (1) SPP is on schedule to execute all required operations within the Integrated

¹ *Southwest Power Pool, Inc.*, 144 FERC ¶ 61,224, at P 410 (2013) (September 2013 Order).

² The Commission established the requirement that SPP receive NERC certification to become a Balancing Authority in *Southwest Power Pool, Inc.* 141 FERC ¶ 61,048, at PP 373-375 and n.543 (2012).

Marketplace;³ (2) the internal processes, procedures and systems will be in place to execute all necessary Integrated Marketplace functions;⁴ and (3) SPP has substantially completed or will substantially complete the independently developed readiness metrics.⁵ Specifically, SPP adds that it has completed or substantially completed 84 percent of the readiness metrics and has reached Target Mass⁶ for market participant certification of readiness as of December 20, 2013.⁷ In addition, SPP explains that none of the remaining readiness metrics are identified as a risk to the implementation of the Integrated Marketplace, but for each remaining metric that has some level of risk, SPP has identified solutions to mitigate the risk.⁸

3. Additionally, SPP states that it participated in a readiness review administered by the SERC Reliability Corporation.⁹ According to SPP, this review evaluated SPP's systems and operational readiness required for certification as the Balancing Authority for the Integrated Marketplace footprint. SPP explains that the certification team performed an assessment for compliance with 42 reliability-based NERC standards selected for critical review. SPP adds that upon completion of the readiness review, the certification team provided substantive recommendations and tasks that SPP was to complete by January 31, 2014 to ensure final NERC certification by February 2014.

³ SPP states that, as part of its review for market readiness, it has conducted extensive market trials and will continue to perform market trials through February 2014. SPP states that these market trials include structured and unstructured market trials, parallel operations, and integrated deployment testing. SPP Compliance Filing at 9-10.

⁴ SPP Compliance Filing, Exhibit No. SPP-1 at 1.

⁵ *Id.*

⁶ SPP explains that Target Mass is the minimum set of market participants that need to demonstrate readiness prior to the start of the Integrated Marketplace. SPP adds that defining market participant readiness in terms of Target Mass will ensure an accurate assessment of overall market participant status even if all market participants have not reported their status for a particular period. SPP Compliance Filing at n.26.

⁷ *Id.* at 6.

⁸ *Id.* at 7.

⁹ *Id.* n.29 (The SERC Reliability Corporation serves as a Regional Entity with delegated authority from NERC for the purpose of proposing and enforcing reliability standards within the SERC Region. *See N. Am. Elec. Reliability Corp.*, 119 FERC ¶ 61,232 (2007), *order addressing revised delegation agreements*, 122 FERC ¶ 61,245 (2008)).

4. Finally, Mr. Rew certifies that SPP is sufficiently staffed and prepared to administer the Integrated Marketplace on an ongoing basis under both normal and abnormal conditions. Mr. Rew adds that SPP has sufficient financial resources to operate the Integrated Marketplace as of March 1, 2014.¹⁰

5. SPP requests an effective date of March 1, 2014 for the proposed certification of readiness.

6. On February 18, 2014, SPP submitted notification to the Commission that it had received confirmation from NERC that SPP had satisfactorily completed NERC's requirements to operate as a NERC certified Balancing Authority. SPP also submitted a copy of NERC's Balancing Authority Certification Final Report issued February 6, 2014 and a copy of the NERC Organization Certification approved on February 14, 2014.

7. Notice of the readiness certification filing was published in the *Federal Register*, 79 Fed. Reg. 820 (2014), with interventions and comments due on or before January 17, 2014. No interventions or protests were filed.

8. We accept the compliance filing containing the certification of readiness, effective March 1, 2014, as requested. As SPP explains, it has completed or substantially completed most of the readiness metrics and has reached Target Mass to certify market participant readiness as of December 20, 2013. In addition, for each of the remaining readiness metrics that has some level of risk, we conclude that SPP has identified resolutions to each of these outstanding issues and we accept SPP's representation that none of the remaining readiness metrics presents a risk to the implementation of the Integrated Marketplace. SPP also sufficiently explains its process of conducting market trials to ensure that it is ready for market launch. Finally, SPP has successfully completed the NERC review process and has received approval from NERC to operate as a Balancing Authority. Based on the foregoing, we find that SPP has demonstrated it is ready to operate and administer the Integrated Marketplace. Therefore, we accept SPP's compliance filing containing the certification of readiness and approve the start-up and operation of the Integrated Marketplace effective March 1, 2014.

By the direction of the Commission.

Kimberly D. Bose,
Secretary.

¹⁰ SPP Compliance Filing, Exhibit No. SPP-1 at 1.

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