

August 27, 2014

**VIA ELECTRONIC FILING**

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. ER14-2399-\_\_\_\_  
**Amendment to Tariff Filing**

Dear Secretary Bose:

Pursuant to Sections 35.17 and 385.215 of the Federal Energy Regulatory Commission's ("Commission") Rules and Regulations, 18 C.F.R. §§ 35.17 and 385.215, Southwest Power Pool, Inc. ("SPP") submits this amendment to the proposed revisions to the SPP Open Access Transmission Tariff ("Tariff")<sup>1</sup> submitted by SPP in Docket No. ER14-2399-000 on July 10, 2014.<sup>2</sup> Pursuant to the Commission's regulations, a public utility may file to amend a tariff that has not become effective and upon which no Commission or delegated order has yet been issued.<sup>3</sup> Amendment of the July 10 Filing in this proceeding is permitted because no Commission or delegated order has been issued on the July 10 Filing.

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<sup>1</sup> Southwest Power Pool, Inc., FERC Electric Tariff, Sixth Revised Volume No. 1.

<sup>2</sup> Submission of Tariff Revisions to Attachment AE for the Integrated Marketplace of Southwest Power Pool, Inc., Docket No. ER14-2399-000 (July 10, 2014) ("July 10 Filing").

<sup>3</sup> 18 C.F.R. § 35.17(b).

## I. BACKGROUND

SPP submitted the July 10 Filing to refine aspects of the Integrated Marketplace that required further description or clarification. The proposed revisions included enhancements to existing design features and the addition of enhancements to broaden access to the Integrated Marketplace and allow SPP to continue effectively administering the Day-Ahead, Real Time Balancing and Transmission Congestion Rights Markets within the SPP region. It has come to SPP's attention that the formatting of the proposed Tariff revisions to Section 6.4.1.1 of Attachment AE was not as SPP intended, and therefore SPP submits this amendment to the July 10 Filing to correct the formatting issue. No other amendments are being proposed to the July 10 Filing.

Additionally, SPP submits supplemental information regarding the proposed addition to Section 4.1.2.1(3)(c) of Attachment AE which allows SPP to establish an hourly baseline for a Demand Response Load<sup>4</sup> when the Market Participant fails to provide such Demand Response Load. SPP submits such supplemental information to aid the Commission in its decision making process.

## II. DESCRIPTION OF AMENDMENT

Section 6.4.1 of Attachment AE contains the rules applicable to the calculation of a Resource's<sup>5</sup> Uninstructed Resource Deviation ("URD"). Specifically, Section 6.4.1.1 describes the situations where a Resource will receive an URD exemption for a Dispatch Interval.<sup>6</sup> This section provides eight (8) situations where the URD exemption is available. Furthermore, Section 6.4.1.1 provides that a Resource that does not receive a URD exemption may submit the issue to SPP's dispute resolution process contained in Section 10.3 of the Tariff. The applicability of the Tariff's dispute resolution process is intended to apply to all eight scenarios where a URD exemption was available but not granted.

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<sup>4</sup> Except as otherwise defined in this letter, capitalized terms shall have the definitions set forth in the Tariff.

<sup>5</sup> See Tariff at Attachment AE, Section 1.1 Definitions R. Resource is defined as "[a]n asset that injects energy into the transmission grid or reduces the withdrawal of energy from the transmission grid including a Demand Response Resource, a Variable Energy Resource, a Dispatchable Resource, External Resource, External Dynamic Resource and a Quick-Start Resource."

<sup>6</sup> See *id.* at Section 1.1 Definitions D. Dispatch Interval is defined as "[t]he five (5) minute interval for which the Transmission Provider issues Dispatch Instructions for Energy and clears Operating Reserve in the Real-Time Balancing Market."

Due to a formatting error, the dispute resolution provision is included in the subsection for situation #8. As a result, the current numbering of Section 6.4.1.1 could lead a reader to erroneously conclude that SPP intended that the invoice dispute provisions of Section 10.3 of the Tariff would apply to only the eighth situation where a URD exemption is available. SPP's intent is for the dispute resolution to apply to all eight situations. To fix this potential ambiguity, SPP proposes to move the provision regarding dispute resolution into its own individual Section 6.4.1.1 (B). The eight situations where a URD exemption is available will be identified in Section 6.4.1.1 (A). This separation of Section 6.4.1.1 into two subsections is more consistent with SPP's intent and will remove any ambiguity whether the dispute resolution provision applies to all URD Exemptions.

### **III. SUPPLEMENTAL INFORMATION REGARDING THE CALCULATION OF A MARKET PARTICIPANT'S DEMAND RESPONSE LOAD**

In this filing, SPP also provides supplemental information regarding the proposed Tariff revision to Section 4.1.2.1(3)(c) as it relates to the hourly baseline that shall be submitted by Market Participant's to reflect their Demand Response Load. In addition to the information provided in the July 10 Filing, SPP would add the following to describe the purpose for the Tariff revision and to explain how SPP will monitor the Market Participant's submission of hourly baselines. SPP is proposing to set the hourly baseline equal to the Market Participant's Real-Time consumption of the Demand Response Load in the Dispatch Interval immediately preceding initial commitment if the Market Participant fails to submit its hourly baseline.

The hourly baseline is important for the Market Participant to submit because SPP, as administrator of the Integrated Marketplace, must be aware of the movement of the Market Participant's load. Although the Tariff requires an hourly baseline to be submitted, SPP is concerned that should a Market Participant fail to submit its hourly baseline, the market would respond with a load reduction that would not be compensated. As currently expressed in the Tariff, a lack of a baseline would result in a baseline of zero and a change in load would be evaluated as an increase in load, rather than as a demand response. The proposal to allow SPP to set the hourly baseline in the absence of the Market Participant's submittal is constructed to mitigate SPP's concern. SPP would derive the hourly baseline equal to the pre-dispatch actual load ("proposed SPP-derived baseline"). A reduction in load would constitute a demand response, whereas the baseline of zero does not. Using the proposed SPP-derived baseline does not benefit the Market Participant in the calculation of the response over a baseline submitted by a Market Participant.

Additionally, SPP's Market Monitoring Unit ("MMU") will monitor the Market Participants' provision of the hourly baseline to SPP under Section 4.1.2.1(3)(c). Attachment AG of the Tariff provides the Market Monitoring Plan for SPP's Market

Monitoring Unit's ("MMU") oversight of SPP's Markets and Services, including submission of reports to the Commission.<sup>7</sup> The MMU is responsible for continuous monitoring of the Integrated Marketplace.<sup>8</sup> Section 4.2 of Attachment AG outlines the scope and specific areas which the MMU will monitor. The MMU's scope of oversight includes, but is not limited to, resource offer data required for use in the Day-Ahead, Real Time Balancing and Transmission Congestion Rights Markets,<sup>9</sup> and information regarding collusive or other anticompetitive or inefficient behavior in or affecting SPP's Markets and Services.<sup>10</sup> Pursuant to these provisions, activities by Market Participants who do not submit a baseline for its demand response resource would be tagged by the MMU and investigated like any other potential market violation. Further, the MMU shall report suspected market violations in accordance with the Commission's regulations.<sup>11</sup>

#### **IV. ADDITIONAL INFORMATION**

##### **(1) Documents submitted with this filing:**

In addition to this transmittal letter, the following documents are included with this filing:

Clean and Redline Tariff revisions under the Sixth Revised Volume No. 1.

##### **(2) Effective date:**

SPP requests that the Commission accept the proposed revisions to the SPP Tariff effective September 8, 2014, consistent with the requested effective date of the July 10 Filing.

##### **(3) Service:**

SPP has served a copy of this filing on all its Members, Customers, Market Participants and all affected state commissions. A complete copy of this filing will be posted on the SPP web site, [www.spp.org](http://www.spp.org). SPP also has served a copy

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<sup>7</sup> See Tariff at Attachment AG, Sections 1.1 and 4.3.

<sup>8</sup> See generally *id.* at Section 4.2.

<sup>9</sup> See Tariff at Attachment AG, Section 4.2(b).

<sup>10</sup> See *id.* at Section 4.2(m).

<sup>11</sup> See *id.* at Section 4.3. The MMU reports suspected market violations in accordance with 18 C.F.R. Part 35.28(b)(8) and 18 C.F.R. Part 35.28(g)(3)(iv).

of this filing on all parties on the service list established by the Secretary of the Commission in this proceeding.

**V. CONCLUSION**

Except for the reformatting of Section 6.4.1.1 of Attachment AE into two subsections, no other amendments or modifications to the July 10 Filing are being requested. As stated previously stated, amendment is permitted because no Commission or delegated order has been issued on the July 10 Filing. Therefore, SPP respectfully requests that the Commission accept the July 10 Filing, as amended by this submission, with the requested effective date of September 8, 2014.

Respectfully submitted,

*/s/ Matthew Harward*

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**Attorney 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 Little Rock, Arkansas, this 27th day of August, 2014.

/s/ Michelle Harris  
Michelle Harris

## 6.4.1 Uninstructed Resource Deviation

The following rules apply to the calculation of Uninstructed Resource Deviation (“URD”).

- (1) *For the purposes of determining URD exemptions for Resources that are part of a Common Bus as described under Section 6.4.1.1(6) of this Attachment AE, each Asset Owner’s Resources’ combined average ramped MW Setpoint Instruction and combined actual average MW output at the Common Bus will be used to calculate URD at the Common Bus for the Dispatch Interval for each Asset Owner.*
- (2) A Resource’s URD is allocated a portion of the RUC make whole payment costs, as described under Section 8.6.7 of this Attachment AE, in any Dispatch Interval where Resource’s URD is outside of its Operating Tolerance unless that Resource has been exempted from URD.
  - (a) A generating unit Resource’s Operating Tolerance in each Dispatch Interval is equal to the Resource’s Maximum Emergency Capacity Operating Limit multiplied by five percent (5%), subject to a minimum of five (5) MW and a maximum of twenty (20) MW.
  - (b) A Dispatchable Demand Response Resource’s Operating Tolerance in each Dispatch Interval is equal to the resource’s Maximum Emergency Capacity Operating Limit multiplied by five percent (5%), subject to a minimum of five (5) MW and a maximum of twenty (20) MW.
  - (c) A Block Demand Response Resource’s Operating Tolerance in each Dispatch Interval is equal to the resource’s Maximum Economic Capacity Operating Limit multiplied by five percent (5%), subject to a minimum of five (5) MW and a maximum of twenty (20) MW.
  - (d) The Common Bus Operating Tolerance for each Market Participant registered at a Common Bus is equal to the sum of that Market Participant’s Resources’ Maximum Emergency Capacity Operating Limits for Resources that are on-line multiplied by five percent (5%), subject to a minimum of five (5) MW and a maximum of twenty (20) MW.

- (e) If the absolute value of a Resource's URD is greater than the Resource's Operating Tolerance in any Dispatch Interval, the Resource URD / 12 is included in the hourly allocation of RUC make whole payment cost allocation. The Hourly URD amount is calculated as the sum of Dispatch Interval URD for the hour. Additionally, if that Resource was eligible to receive a RUC make whole payment, the payment may be reduced in accordance with Section 8.6.5 of this Attachment AE.

#### **6.4.1.1 Uninstructed Resource Deviation Exemptions**

- A. A Resource will receive a URD exemption in a Dispatch Interval under the following situations:
  - (1) The Resource is deployed for Contingency Reserve *as described in Section 6.3.2 of this Attachment AE* or is deployed for a Contingency Reserve test as described under Sections 2.10.1 and 2.10.2 of this Attachment AE; or
  - (2) The Resource trips off-line or is derated after receiving Dispatch Instructions; or
  - (3) There is missing or bad Resource SCADA data in the Dispatch Interval; or
  - (4) If during Emergency Conditions the URD is *due to a Resource output* above the Resource's Setpoint Instruction in a shortage condition or the URD is *due to a Resource output* below the Resource's Setpoint Instruction during an excess generation condition; or
  - (5) If a Dispatch Instruction is issued to a Resource beyond the reported capabilities due to the application of a VRL; or
  - (6) If the Resource is part of a Common Bus and the URD calculated at the Common Bus is less than the Operating Tolerance calculated at the Common Bus; or
  - (7) If the URD results from an event of force majeure or, in the case of a Variable Energy Resource, if the URD results from extremely high wind or other extreme weather-related conditions materially and directly impacting a Variable Energy Resource's ability to provide or reduce



output of Energy. For purposes of this subsection, the term force majeure shall have the meaning described under Section 10.1 of this Tariff except that acts of Curtailment shall not qualify for exemption. ; or

(8) If the Resource has been issued a Manual Dispatch Instruction.

- B. In the event a Resource does not receive a URD exemption in a Dispatch Interval, the Transmission Provider shall determine through the dispute process, in accordance with the invoice dispute process as provided in Section 10.3 of this Attachment AE, whether an exemption to an Uninstructed Resource Deviation will be given. The Market Participant may provide the Transmission Provider with adequate documentation in order for the Market Participant to be eligible to avoid such Uninstructed Resource Deviation. Adequate documentation may include but is not limited to an audio file documenting a call between the Market Participant and the Transmission Provider.

#### **6.4.1.2 Load Deviation Exemptions**

A load is exempt from deviation based charges for cost allocation under Section 8.6.7 under the following situations:

- (1) The RTBM billable metering for load is less than that load's Day-Ahead Market cleared quantity during a capacity shortage condition Emergency.

## 6.4.1 Uninstructed Resource Deviation

The following rules apply to the calculation of Uninstructed Resource Deviation (“URD”).

- (1) *For the purposes of determining URD exemptions for Resources that are part of a Common Bus as described under Section 6.4.1.1(6) of this Attachment AE, each Asset Owner’s Resources’ combined average ramped MW Setpoint Instruction and combined actual average MW output at the Common Bus will be used to calculate URD at the Common Bus for the Dispatch Interval for each Asset Owner.*
- (2) A Resource’s URD is allocated a portion of the RUC make whole payment costs, as described under Section 8.6.7 of this Attachment AE, in any Dispatch Interval where Resource’s URD is outside of its Operating Tolerance unless that Resource has been exempted from URD.
  - (a) A generating unit Resource’s Operating Tolerance in each Dispatch Interval is equal to the Resource’s Maximum Emergency Capacity Operating Limit multiplied by five percent (5%), subject to a minimum of five (5) MW and a maximum of twenty (20) MW.
  - (b) A Dispatchable Demand Response Resource’s Operating Tolerance in each Dispatch Interval is equal to the resource’s Maximum Emergency Capacity Operating Limit multiplied by five percent (5%), subject to a minimum of five (5) MW and a maximum of twenty (20) MW.
  - (c) A Block Demand Response Resource’s Operating Tolerance in each Dispatch Interval is equal to the resource’s Maximum Economic Capacity Operating Limit multiplied by five percent (5%), subject to a minimum of five (5) MW and a maximum of twenty (20) MW.
  - (d) The Common Bus Operating Tolerance for each Market Participant registered at a Common Bus is equal to the sum of that Market Participant’s Resources’ Maximum Emergency Capacity Operating Limits for Resources that are on-line multiplied by five percent (5%), subject to a minimum of five (5) MW and a maximum of twenty (20) MW.

- (e) If the absolute value of a Resource's URD is greater than the Resource's Operating Tolerance in any Dispatch Interval, the Resource URD / 12 is included in the hourly allocation of RUC make whole payment cost allocation. The Hourly URD amount is calculated as the sum of Dispatch Interval URD for the hour. Additionally, if that Resource was eligible to receive a RUC make whole payment, the payment may be reduced in accordance with Section 8.6.5 of this Attachment AE.

#### 6.4.1.1 Uninstructed Resource Deviation Exemptions

A. A Resource's ~~will receive a~~ URD exemption in a Dispatch Interval ~~will be considered equal to zero (0)~~ under the following situations:

- (1) The Resource is deployed for Contingency Reserve *as described in Section 6.3.2 of this Attachment AE* or is deployed for a Contingency Reserve test *as described under Sections 2.10.1 and 2.10.2 of this Attachment AE*; or
- (2) The Resource trips off-line or is derated after receiving Dispatch Instructions; or
- (3) There is missing or bad Resource SCADA data in the Dispatch Interval; or
- (4) If during Emergency Conditions the URD is *due to a Resource output* above the Resource's Setpoint Instruction in a shortage condition or the URD is *due to a Resource output* below the Resource's Setpoint Instruction during an excess generation condition; or
- (5) If a Dispatch Instruction is issued to a Resource beyond the reported capabilities due to the application of a VRL; or
- (6) If the Resource is part of a Common Bus and the URD calculated at the Common Bus is less than the Operating Tolerance calculated at the Common Bus; or
- (7) If the URD results from an event of force majeure or, in the case of a Variable Energy Resource, if the URD results from extremely high wind or other extreme weather-related conditions materially and directly impacting a Variable Energy Resource's ability to provide or reduce

output of Energy. For purposes of this subsection, -the term force majeure shall have the meaning described under Section 10.1 of this Tariff except that acts of Curtailment shall not qualify for exemption. ~~The Market Participant must provide the Transmission Provider with adequate documentation through the invoice dispute process in order for the Market Participant to be eligible to avoid such URD. The Transmission Provider will determine through the dispute process whether such URD should be waived;~~ or

- (8) If the Resource has been issued a Manual Dispatch Instruction.

B. In the event a Resource does not receive a URD exemption in a Dispatch Interval, the Transmission Provider shall determine through the dispute process, in accordance with the invoice dispute process as provided in Section 10.3 of this Attachment AE, whether an exemption to an Uninstructed Resource Deviation will be given. The Market Participant may provide the Transmission Provider with adequate documentation in order for the Market Participant to be eligible to avoid such Uninstructed Resource Deviation. Adequate documentation may include but is not limited to an audio file documenting a call between the Market Participant and the Transmission Provider.

#### **6.4.1.2 Load Deviation Exemptions**

A load is exempt from deviation based charges for cost allocation under Section 8.6.7 under the following situations:

- (1) The RTBM billable metering for load is less than that load's Day-Ahead Market cleared quantity during a capacity shortage condition Emergency.