

Southwest Power Pool
GAS ELECTRIC COORDINATION TASK FORCE MEETING
September 17, 2014, 8:00 a.m. – 3:00 p.m.
Face-to-Face/Conference Call, Dallas, Texas

• Summary of Action Items •

NOTE: The list below includes the Item Number used in the GECTF Action Item list.

1. (69) Add List of Issues to discussion of action items statuses in the meetings.
2. (70) Work with CWG/MWG to determine an estimate of cost for members to modify their systems to accommodate changes to the Marketplace timeline.
3. (71) Update the GECTF Strawman Marketplace Timeline in preparation for the MOPC meeting, and review by the GECTF
4. (72) Determine a potential location for the Multi-Party Communication information in the EOP.
5. (73) Request approval from ORWG for the Multi-Party Communication language from a reliability perspective.
6. (74) Determine if changes to the Winter preparedness (including the Multi-Party Communication) should be part of the written report or in the presentation for MOPC.
7. (75) Determine if Multi-Party Communication language requires Tariff changes.
8. (76) SPP Staff to update the EOP with a password and communicate with Customer Service that the people who can receive a password include the MWG Members only, ORWG Members only and MOPC Representatives.
9. (77) SPP Staff to work notification into the process for EOP updates to include MWG, ORWG, MOPC with limited information, pointing to the posted EOP on spp.org
10. (78) Winter weather discussion in October's meeting.
11. (79) Multi Day Reliability Assessment discussion for gas related issues.
12. (80) Discuss #49 after RUC materials are out.

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• M I N U T E S •

Agenda Item 1 – Administrative Items

SPP Vice-Chair Amber Metzker called the meeting to order at 8:00 a.m.

See the attachment for attendance information.

The Action Item List was reviewed and comments were captured in the separate document. See the GECTF Action Item list for details.

Agenda Item 2 – Strawman Timeline - SPP Responses

CJ Brown reviewed the SPP comments in the document provided in the meeting material. Additional comments and discussion are captured below:

- Cost for DA Market changes to systems.
 - Four hours is feasible, but it may jeopardize future enhancements. Do we have a ballpark number for the estimated costs for the necessary software updates? Not at this time, and they won't be available for the MOPC meeting.
 - Amber Metzker and Rob Janssen suggested that an order of magnitude is needed. Time needed for implementation, MP side will need changes, too. There will need to be implementation time, API changes, etc... they could use the SPP information as a starting point.
 - In Q4 of 2014, SPP should attempt to estimate SPP cost. The CWG could help capture that for the member side. One to 2 months is needed to determine the system cost for members after SPP determines their estimate.
 - Sam Ellis suggested that the changes in the timing may be minor changes for the members related to systems.
- What happens if the FERC Order does not change as we expect? We wouldn't make the changes to the timeline. The big reason for moving the timing is based on the timely nomination. CJ Brown suggested that there are other changes that could be made for the winter preparation if the NOPR is different than expected.
- This group needs to document assumptions, the messaging is important in the GECTF endorsed timeline proposal to the MOPC.
- Greater virtual activity will help with the cost, related to divergence in price, there is a timing difference based on the earlier timeframes making the inputs less accurate.
- Jodi Woods commented that the forecasting is an input. It is a continuous, every 5 minute update. There are specific meteorological model updates (NAM, for example). These are the biggest movement in the temperature input, but they do not every 5 min and only update a couple times a day. SPP was going to check when the meteorological model updates are coming into their systems. CJ Brown referenced the scatter plot (NSI, Wind, and Load) used in the RUC sessions. This would be good to use in the MOPC material as supporting information.

- 1300 Timely Gas Nom discussion.
 - Jodi Woods asked for more detail about the timing for the timely nom. The units you are more certain of, may get an earlier notification of commitment, followed by a wait for up to an hour to do the units around which there is some uncertainty. The process works where when you enter the bid in, you are in, there isn't a change that can be done. The bid in is placed at the time it is entered.
 - There is still benefit for moving the market based on some pieces that can be done earlier. The deviations between DA Mkt and DA RUC doesn't allow for the timing needed. The DA RUC in the proposed timeline changes to allow for the evening nom.
- There should be a comment submitted for a 2pm timely nom instead of the 1pm.
- Rob Janssen asked if you could buy more gas for the same point if you do an amount less than needed earlier in the day. There is a contract for each purchase. They would need to be pieced together.

Agenda Item 3 – Draft comments for MOPC related to Proposed Timeline

Amber Metzker suggested the attendees vote on the timeline that should be presented to the MOPC as the GECTF Strawman timeline. Although there are some concerns with the timeline, the group agreed, via a non-binding vote, to endorse the Strawman timeline that was sent to the ORWG, RTWG, and MWG for comments.

The group spent a considerable amount of time discussing the timeline and the information that should be presented to MOPC in October. The information was written as an outline. The outline will be used to draft a presentation and whitepaper for the MOPC and will be the basis of the October 2nd conference call.

See the GECTF Strawman attachment for details.

Alternative solutions to achieve possible process improvements were discussed at a high level and included in the outline, but the outline will specifically emphasize that these possible solutions are for information only and that significant discussion and effort would be needed before these alternatives are considered further.

Agenda Item 4 – Review Multi-Party Communication Draft

Rob Janssen asked where this information belonged? Put in EOP and reference it in other places.

Action Items were captured as follows:

- Staff to suggest a location in the EOP for the Multi-Party Communication language.
- Include this topic in the written report for MOPC. If there are other changes to the Winter Plan based on GECTF information/discussion? Determine if there is a need for slides in the MOPC based on this change and other changes.
- Future ORWG review/approval would be needed prior to inclusion in the EOP
- Determine if this Multi-Party Communication reference needs to be included in the Tariff.
-

Rob Janssen moved to approve the modified Multi-Party Communication subject to ORWG approval. Dirk seconded the motion the motion passed unanimously.

A Winter Alert discussion is needed prior to Dec 1.

Agenda Item 5 – Review Gas Sections of the EOP

Rob Janssen asked who is responsible for the plan, how is it changed? He commented that the ORWG is in his opinion responsible for the EOP. SPP will check the status on implementing a password for the EOP that is posted. The password would be allowed to go to MWG members only ORWG members only and MOPC Representatives.

Rob Janssen has started discussions with SPP Staff on where the changes reside. There is a round of revisions that are needed between Staff and Stakeholders. Carl Stelly has been talking with Bruce Rew and Stacey Duckett to discuss the ownership.

CJ Brown suggested that once the current revisions are made, a periodic review would be needed, through the working group process. The ORWG is responsible for part of the EOP; but not all. There would be other group(s) such as the MWG for the other perspectives, transmission, fuel, etc... If SPP made a change to the EOP, they would provide a notification through email that the document changed, the groups MWG, ORWG, and MOPC Representatives would then use the password to access the document to review the changes..

Agenda Item 6 – MWG Update

Sam Ellis provided an update on the following MWG items:

- MPRR 189 was approved with comments.
- There was a safety net offer cap discussion
- Conference Call to discuss the cost recovery.
 - Rob Janssen added detail to the cost recovery portion. Several other comments will be addressed in the EOP. The comments that Rob provided were put into a new MPRR 214. Staff provided assistance with changes including Tariff language. There is not enough time for approvals and the process for the RTWG and MOPC for the upcoming winter implementation. Many items did not get voted on for the MOPC by the MWG due to limited time. Another meeting is being discussed.
- The language is more vague now than originally requested, but Staff and Rob Janssen are on the same page for this proposal.
- It is tentatively added to the Oct MWG meeting, if no action is taken at that meeting then the topic will be added to the meeting following that.
- Rob Janssen talked through some examples of the MPRR (214) effectiveness.
 - Jodi Woods asked how SPP would get the information needed and the adjusted timeframes for Start-Up. SPP needs the Member offers to be updated. This could be a reminder to MPs to update the offers based on a winter alert from SPP.
 - If a unit is committed prior to DA it is committed in the DA Market.
 - There was general agreement on the concept by Amber Metzker and Rob Janssen.
 - Other GECTF members did not have enough information based on the discussion in the meeting. The information discussed was not included in the meeting material.
 - MMU has concerns related to shifting problems to the MMU from the Market.
 - CJ Brown suggested the decommit process includes the real time piece where MW's are being bought back. This goes into the Make Whole payments. The example was real time, but the labels indicate DA example, when it is a RUC example.

Agenda Item 7 – New Action Items

The Action Item List was updated and reviewed.

Agenda Item 8 – Adjourn

Upcoming meetings

10/2/2014: 9 a.m. – noon meeting, WebEx

11/6/2014: 9 a.m. – noon meeting, requesting a joint meeting with ORWG; Kathy Myhand to ask Jason Smith. This would be a WebEx or attendance onsite in Little Rock with the ORWG.

11/25/2014: 9 a.m. – noon meeting, WebEx

Kathy Myhand will ask the ORWG to review the Multi-Party Communication information in their Oct 3 ORWG meeting.

Amber Metzker adjourned the meeting at 3:01 p.m.

Respectfully Submitted,

Kathy Myhand
Secretary

Attachments:

Attendance

GECTF Action Item List

Multi-Party Communication

GECTF Strawman Outline

Southwest Power Pool
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September 17, 2014, 8:00 a.m. – 3:00 p.m.
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First Name	Last Name	Member	Attended	Company
Amber	Metzker	M	x	Xcel Energy
Amy	Jeffries	M	x	Public Service Company of Oklahoma
Dirk	Dietz	M	x	Nebraska Public Power District
Jacob	Langthorn, IV	M	x	Oklahoma Gas and Electric Company
Robert	Janssen	M	x	Dogwood Energy, LLC
Gary	Gottsch	G	x	Kansas City Power & Light Company
Heather	Starnes	G	x	
Jason	Atwood	G	x	Northeast Texas Electric Cooperative, Inc.
Jason	Fix	G	x	Lincoln Electric System
Jessica	Taylor	G	x	
John	Bogatz	G	x	
John	Tennyson	G	x	City Utilities of Springfield
Katie	Mentzel	G	x	Oklahoma Municipal Power Authority
Michael	Moffet	G	x	Sunflower Electric Power Corporation
Patti	Kelly	S	x	Southwest Power Pool
Pep	Suber	G	x	
Ron	Thompson	G	x	Nebraska Public Power District
Shawnee	Claiborn-Pinto	G	x	Public Utility Commission of Texas
Tom	Schroder	G	x	
CJ	Brown	S	x	Southwest Power Pool
Jodi	Woods	S	x	Southwest Power Pool
Kathy	Myhand	S	x	Southwest Power Pool
Les	Dillahunty	S	x	Southwest Power Pool
Richard	Dillon	S	x	Southwest Power Pool
Sam	Ellis	S	x	Southwest Power Pool

Color-code indicators:

Complete	On Hold	In Progress	Past Due	Abandoned	No Work to date
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GECTF Action Log

No.	Action Item Description	Reference (CY items #, TADS decision log #, other)	Assigned to	Est. Completion Date	Final status/ comments	Status	Closed Date
40	Update contact list to include gas contacts within their organization	3/14/2014 Meeting	SPP Staff			In Progress	
48	SPP will work to improve the Winter Communication process to be more effective for the next winter and to be transparent enough to provide to the group.	5/21/2014 Joint Meeting with MWG	SPP Staff	12/1/2014		In Progress	
49	SPP Staff to describe the current process for determining the amount of headroom to include.	5/21/2014 Joint Meeting with MWG	SPP Staff	9/18/2014	Presented at MWG and will be in discussions with RUC.	In Progress	
51	CWG needs to capture the need for the configurable offer cap and the gas day on the system side for emergencies.	5/21/2014 Joint Meeting with MWG	SPP Staff		This item is on hold in the MWG. MMU options are needed, Tariff issue. Then through MWG.	In Progress	
52	SPP Staff (Joe Ghormley) to update the Informational Memorandum to include more detail around the June updates and decisions.	6/26/2014 Meeting	SPP Staff			In Progress	
56	SPP Staff to continue to inform the various SPP groups on the progress of the NOPR.	6/26/2014 Meeting	SPP Staff			In Progress	
58	Correct/update the EOP to include multi-party coordination.	7/31/2014 Meeting	SPP Staff			In Progress	
60	Create an MPRR based on Rob Janssens comments for MPRR 189.	7/31/2014 Meeting, modified in the 8/25/2014 Meeting	Rob Janssen			In Progress	
63	Prepare an outline, bullet points or a draft of the proposed comments to be submitted to FERC on November 28th regarding the proposed changes to the gas day.	8/25/2014 Meeting	SPP Staff	11/28/2014		In Progress	
64	Participate in the review of the EOP related to fuel.	8/25/2014 Meeting	GECTF	9/17/2014		In Progress	
65	Staff to evaluate the comments for the Strawman, add SPP Staff concerns/comments, and document risks.	8/25/2014 Meeting	SPP Staff	9/17/2014		In Progress	
68	Staff will provide an update of the previous items mentioned by the GECTF and a status which will include which group is looking at the item.	8/25/2014 Meeting	SPP Staff	9/17/2014		In Progress	
69	Add List of Issues to discussion of action items statuses in the meetings.	9/17/2014 Meeting	SPP Staff			In Progress	
70	Work with CWG/MWG to determine an estimate of cost for members to modify their systems to accommodate changes to the Marketplace timeline.	9/17/2014 Meeting	SPP Staff			In Progress	

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71	Update the GECTF Strawman Marketplace Timeline in preparation for the MOPC meeting, and review by the GECTF	9/17/2014 Meeting	SPP Staff	10/2/2014		In Progress	
72	Determine a potential location for the Multi-Party Communication information in the EOP.	9/17/2014 Meeting	SPP Staff			In Progress	
73	Request approval from ORWG for the Multi-Party Communication language from a reliability perspective.	9/17/2014 Meeting	SPP Staff			In Progress	
74	Determine if changes to the Winter preparedness (including the Multi-Party Communication) should be part of the written report or in the presentation for MOPC.	9/17/2014 Meeting	SPP Staff	10/2/2014		In Progress	
75	Determine if Multi-Party Communication language requires Tariff changes.	9/17/2014 Meeting	SPP Staff			In Progress	
76	SPP Staff to update the EOP with a password and communicate with Customer Service that the people who can receive a password include the MWG Members only, ORWG Members only and MOPC Representatives.	9/17/2014 Meeting	SPP Staff			In Progress	
77	SPP Staff to work notification into the process for EOP updates to include MWG, ORWG, MOPC with limited information, pointing to the posted EOP on spp.org	9/17/2014 Meeting	SPP Staff			In Progress	
78	Winter weather discussion in October's meeting.	9/17/2014 Meeting	SPP Staff			In Progress	
79	Multi Day Reliability Assessment discussion for gas related issues.	9/17/2014 Meeting	SPP Staff			In Progress	
80	Discuss #49 after RUC materials are out.	9/17/2014 Meeting	SPP Staff			In Progress	

Multi-Party Communication

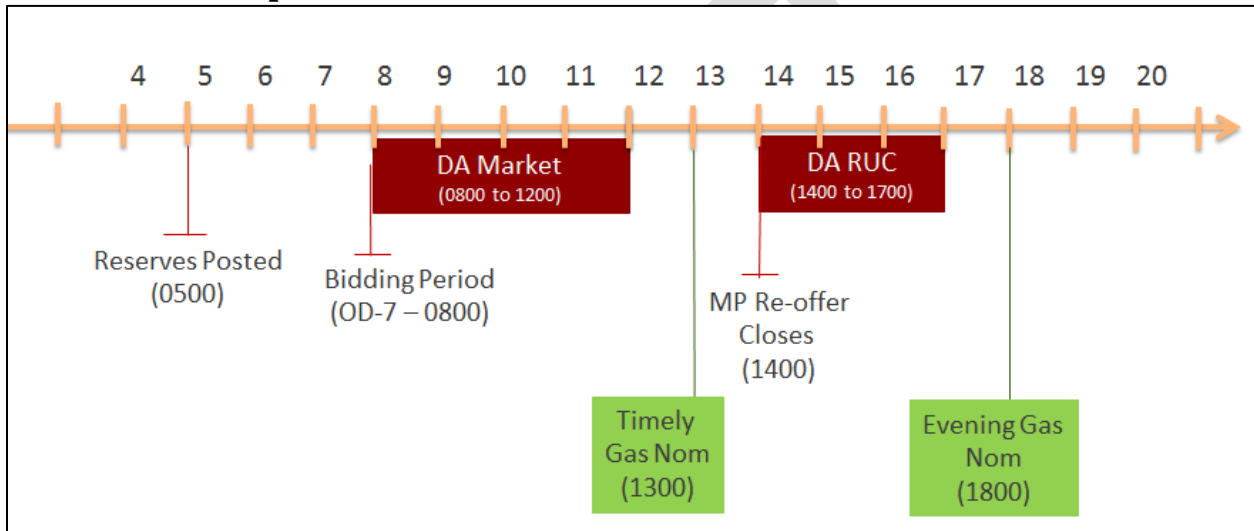
SPP in its role as the RTO and CBA is in a unique position in terms of its need to periodically communicate with generators, fuel suppliers and/or transporters concerning reliability or planning issues. FERC in its Order No. 787 has specifically provided the explicit authority to interstate natural gas pipelines and public utilities that own, operate, or control facilities used for the transmission of electric energy in interstate commerce to share non-public, operational information with each other for the purpose of promoting reliable service or operational planning on either public utilities' or pipelines' system. Transmission operators are permitted to share information with each other that they deem necessary to promote the reliability and integrity of their systems. In the Order FERC further included additional protections to ensure that any non-public, operational information shared remain confidential and that information that is shared among transmission operators be done in a manner that is consistent with the prohibition on undue discrimination.

It will not be uncommon for the SPP, market participant contact (or designated agent), fuel suppliers and/or transporters to either individually or collectively develop more than one option to address planning or reliability concerns. For proprietary reasons it may not be appropriate for all the options to be discussed with all parties. However, SPP will be diligent to insure that all parties necessary to address an issue are included in communication being mindful that it is the market participant contact (or designated agent) with whom SPP has the contractual obligation.

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Strawman Marketplace Timeline



Assumptions

- The FERC NOPR introduces a Timely Gas Nom at 1300 and an Evening Gas Nom at 1800.
- The daily price formation window for Natural Gas trading is expected to remain as it is today.

Timing Changes

Reserves posted: Proposed 0500, Current 0700
 Moved to match timing prior to proposed changes.

DA Mkt Bidding period closing: Proposed 0800 DA, Current 1100 DA

DA Mkt Processing time: Proposed 0800-1200 DA, Current 1100 – 1600 DA

Reducing the DA Mkt window from 5 hours to 4 hours allows an 0800 bidding period closing while maintaining a period of time for price certainty based on the gas day information. This allows an hour to review results and enter timely gas noms by 1300. 0800 bidding period allows for increased forecast accuracy including reliability factors (Forecasts, Outages, Loop Flow, Demand Bids)

Market clearing engine solving time, expense related to system changes. Four hours is feasible, three hours is not feasible without changing the structure of the market clearing engine.

GECTF Strawman Marketplace Timeline and Risk Assessment

Another benefit for the bid period close of 0800 is that Market Participants can submit day-of instead of day-before offers.

MP Re-offer close: Proposed 1400 DA, Current 1700 DA and **DA RUC:** Proposed 1400-1700, Current 1700 - 2000:

Extends the DA RUC start from 1 hour to 2 hours after the DA Mkt close. Moved prior to evening gas nom at 1800 to allow more generator commitment and quantity information for reliability purposes. The option does not exist today.

Outline for Whitepaper and Presentation

1. Executive Summary
2. Background
(Informational Memorandum, Current Timeline, Strawman Comments, NAESB timeline, and Whitepaper (to be developed) in materials, FERC's expected benefits – in the NOPR)
 - a. Deadlines (Nov 28th and prep for FERC NOPR)
 - b. Strawman Proposal
3. Electricity
 - a. Risks
 - i. Reduced Forecast Accuracy
 1. Reliability Factors (Forecasts, Outages, Loop Flow, Demand Bids, Unit Availability)
 - ii. Consistency with ISO/RTOs
 1. Differences in timelines for ISO/RTOs, seams issue.
 - iii. Systems
 1. Vendor availability for system changes based on using a similar timeline.
 2. Posting DA Mkt results late. NOTE: Affects members achieving gas timely nomination cycle.
 - iv. Process
 1. There will be changes to the way the offers are evaluated, gas purchases made, evaluation of the DA Market posted results, DA RUC results, which may all have to be adjusted in order to meet the new timelines. Changes to processes introduce a potential for error.
 2. The proposed timeline reduces the amount of time from five hours to four hours that SPP has to develop, evaluate and publish Day Ahead Market results; there is a quality factor related to the analysis duration of the SPP Operators. There is also a risk of posting DA Market results after the required timeframe more frequently than the current timeline.
 - b. Benefits

GECTF Strawman Marketplace Timeline and Risk Assessment

- i. Knowledge of gas quantities for gas generators, in time for the nomination, based on knowing the generators running, based on DA Mkt results.
 - 1. DA Mkt price formation
 - 2. Generator certainty NOTE: reason to not move to 0700.
- ii. Knowledge of gas quantities for gas generators, in time for the nomination, based on knowing the generators running, based on the RUC results
 - 1. True-ups
- iii. Knowledge of gas prices based on proposed 8 am deadline. There is some price formation between 0700 and 0800.

4. Gas

a. Risks

- i. Price Risk vs. Volume Risk
- ii. Market Efficiency
- iii. Flow Risks
 - 1. Adequate Time between DA Mkt notification and gas timely nomination cycle. (Same consideration between DA RUC and evening nom)
 - a. Gas supplier communication
 - b. Buy and schedule gas
 - 2. The best chance to keep firm transportation is to make the timely nom.
 - 3. NOTE: The risk based on firm vs. non-firm contract is not addressed in the strawman.
- iv. System
 - 1. Posting DA Mkt results late. NOTE: Affects members achieving gas timely nomination cycle.

b. Benefits

- i. Knowledge of gas quantities for gas generators, in time for the nomination, based on knowing the generators running, based on DA Mkt results.
 - 1. An additional hour related to flow that does not exist in the current timeline.
 - 2. Knowledge of gas prices based on proposed 8 am deadline. There is some price formation between 0700 and 0800.
 - 3. Further information on forecast accuracy
- ii. Knowledge of gas quantities for gas generators, in time for the nomination, based on knowing the generators running, based on the RUC results
 - 1. An additional hour related to flow that does not exist in the current timeline.
- iii. Nom after DA Mkt results are posted.
- iv. Commitment risks are greatly reduced for securing gas Day Ahead.

5. Other Considerations

- a. Cost to Members

GECTF Strawman Marketplace Timeline and Risk Assessment

- i. There is a cost associated with the system changes needed to condense the solution time of the DA Market process and to adjust the Marketplace timeline for all processes. This includes costs for both SPP and the Members.
 - 1. System Costs
 - a. There is a significant cost associated with a timeframe reduction of less than 4 hours for DA Market results.
 - b. Benefit to DA Mkt results in 4 hours. Software improvements have been identified to allow a 4 hour solution.
 - c. Risk: Limit future enhancement capability within the DA Mkt, such as ECC and other enhancements under review.
 - b. Personnel
 - i. Support staff for SPP and Members may have to change to an adjusted work schedule or determine ways to meet the needs of the new timeline by changes in process. Providing staff for a non-traditional schedule may introduce challenges.
 - ii. Members suggested that there is an internal risk of missing opportunities for the DA Market based on limited availability of their staff. This also could cause a less accurate bid or solution.
 - c. Gas Needs for Coal Facilities (Start-Up and Overfiring)
 - i. For coal plants with firm transport, benefits listed above apply.
 - ii. For coal plants without firm transport, this change does not cause adverse effects.
- 6. Possible Solutions
 - a. Tier One
 - i. GECTF Strawman Timeline
 - 1. Recommend 1400 nomination cycle to get two hours before the timely nom with the proposed timeline.
 - 2. If 1400 Nomination cycle is not achieved, move the start of DA Market to 0700 instead of proposed 0800.
 - b. Tier Two (Needs further assessment)
 - i. Partial year implementation
 - 1. Risk: Projected to be higher cost
 - 2. Risk: Gas and PPA contract formulation
 - 3. Benefit: Reduce changes to workforce hours by limiting number of days the timeframe is adjusted.
 - 4. Risk: Capability to switch systems between the timeframes.
 - ii. Two day prior DA Market solution instead of Day Ahead, partial year solution.
 - 1. Risk: Reduced Forecast Accuracy
 - 2. Benefit: Less system changes
 - iii. Planning or Reliability Process changes at SPP instead of (or in addition to) timeline changes
 - 1. Multi-Day Reliability Assessment
 - 2. EOP

GECTF Strawman Marketplace Timeline and Risk Assessment

3. Headroom

7. Recommendation

- a. Recommend accepting the Tier One recommendation (GECTF Strawman Timeline Proposal based on FERC's NOPR scheduling changes, recommending 1400 timely nomination cycle.)
 - i. Further develop costs of the Strawman
 - ii. Further analysis of Tier Two prior to final decision.
- b. Revisit in January MOPC.
- c. Comments needed based on gas scheduling changes in preparation for November 2014 comments and Q1 2015 Compliance filing.
- d. Cost to Members
 - i. There is a cost associated with the system changes needed to condense the solution time of the DA Market process and to adjust the Marketplace timeline for all processes. This includes costs for both SPP and the Members.

Action Item: SPP Staff and members to develop this into a presentation and white paper for MOPC.

DRAFT