

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

<b>Uplift Cost Allocation and</b>	)	<b>Docket No. RM17-2-000</b>
<b>Transparency in Markets Operated</b>	)	
<b>by Regional Transmission</b>	)	
<b>Organizations and Independent</b>	)	
<b>System Operators</b>		

**COMMENTS OF SOUTHWEST POWER POOL, INC.**

In response to the Federal Energy Regulatory Commission’s (“Commission”) Notice of Proposed Rulemaking, issued on January 19, 2017 (“NOPR”),<sup>1</sup> and in addition to the comments submitted by the ISO/RTO Council in response to this same NOPR, Southwest Power Pool, Inc. (“SPP”) respectfully submits these comments<sup>2</sup> specific to the SPP Integrated Marketplace.

**I. INTRODUCTION AND BACKGROUND**

In the NOPR, the Commission proposes to reform approaches to real-time uplift cost allocation and transparency practices by regional transmission organizations (“RTO”) and independent system operators (“ISO”). SPP supports the Commission’s goal of incentivizing market participants to schedule sufficient resources to satisfy the system’s real-time needs, thus avoiding RTO’s/ISO’s need to procure additional resources after the day-ahead market has cleared. SPP is also in agreement with the Commission’s overarching goal of ensuring consistency with cost causation principles.

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<sup>1</sup> *Uplift Cost Allocation and Transparency in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 82 FR 9539 (February 7, 2017), 158 FERC ¶ 61,047 (2017).

<sup>2</sup> SPP’s silence in these comments on any proposed rule or request for comment should not be construed as SPP’s agreement with any such proposed rule or issue.

However, while SPP does not oppose the Commission’s efforts to address how uplift and other costs are allocated when that allocation is based on cost causation principles, there are considerable, potentially insurmountable, issues surrounding the implementation of the requirements in this NOPR. Specifically, the distinction between “helping” and “harming” deviations is significant, subjective, and situational to such a degree that SPP cannot support this NOPR generally.

## **II. COMMENTS**

### **A. Real-Time Uplift Categories**

The Commission proposes requiring two distinct categories of real-time uplift. The first, a system-wide capacity category, would consist of real-time uplift related to resource commitments made to ensure sufficient system-wide online capacity to meet energy and operating reserve requirements, and the second, a congestion management category, would consist of real-time uplift related to resource commitments to manage transmission congestion on specific constraints.

As thoroughly addressed in the ISO/RTO Council comments submitted in this docket, SPP believes that sorting real-time uplift into the proposed categories will be difficult if not impossible. Because the market clearing engine simultaneously solves for economics and reliability, it is not feasible to realistically separate the commitment reason; they are inextricably intertwined. For example, when committing for Energy and Operating Reserves, the decision to choose a Resource also considers the relevant impact on congestion.

### **B. Netting**

The Commission proposes requiring an RTO/ISO to determine if each market participant’s deviations are, on net, “helping” by converging the day-ahead scheduled

unit commitment and dispatch to the unit commitment and dispatch needed to meet real-time energy and operating reserve requirements, or if they are “harming” by exacerbating the difference between the day-ahead scheduled unit commitment and dispatch and the unit commitment and dispatch needed to meet real-time energy and operating reserve requirements.

As further addressed in the RTO/ISO Council’s comments, SPP believes that this binary distinction would be extremely difficult to make. “Helping” or “harming” are, to say the least, situational. If the load is less in SPP’s Real-Time Balancing Market (“RTBM”) than it was in SPP’s Day-Ahead Market, that could be considered “harming” because the additional generation committed in the Day-Ahead Market was unnecessary. If the load is higher in the RTBM and more generation is committed but this commitment caused no additional “uplift,” is that a “helping” or “harming” situation? Additionally, an increased load outside of a constrained load area could be either “helping” or “harming.”

### **C. Confidentiality Concerns**

The Commission proposes requiring RTOs/ISOs to post resource names and the total amount of uplift paid in dollars aggregated across the month to each Resource receiving uplift.

SPP is concerned that such a posting may violate a duty of confidentiality owed to each Resource.<sup>3</sup>

The Commission also proposes requiring RTOs/ISOs to post, among other things, the upper economic operating limit of the committed resource in MW (i.e., its economic maximum).

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<sup>3</sup> See Southwest Power Pool, Inc., Open Access Transmission Tariff, Sixth Revised Volume No. 1, Attachment AE, Section 11.

SPP notes that the operational characteristics of the generators are considered competitive information and should not be posted.

### **III. CONCLUSION**

SPP respectfully requests that the Commission accept and consider the comments and information provided herein.

Respectfully submitted,

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