

2017 STRATEGIC PLAN REVISED INITIATIVES

INDUSTRY OBSERVATIONS

Annually, the Strategic Planning Committee (SPC) meets to consider “signposts” — issues that may necessitate adjustments in the way the organization strategizes and tactically addresses industry trends affecting SPP and its members. The committee reviews a number of trends, including: organized markets, reduced demand for energy, declining marginal energy prices, new generation, distributed energy, demand response, energy efficiency, member companies’ retail rate considerations and other pressing concerns affecting the SPP’s market and transmission planning services.

At its May 2017 retreat, the SPC finished its yearly signpost analysis and concluded the four foundational strategies identified in SPP’s 2014 Strategic Plan remain relevant to the organization today. The committee recommended revisions to the strategic initiatives (tactical objectives) associated with each foundational strategy to reflect their completion, reprioritization or addition to the strategic plan.

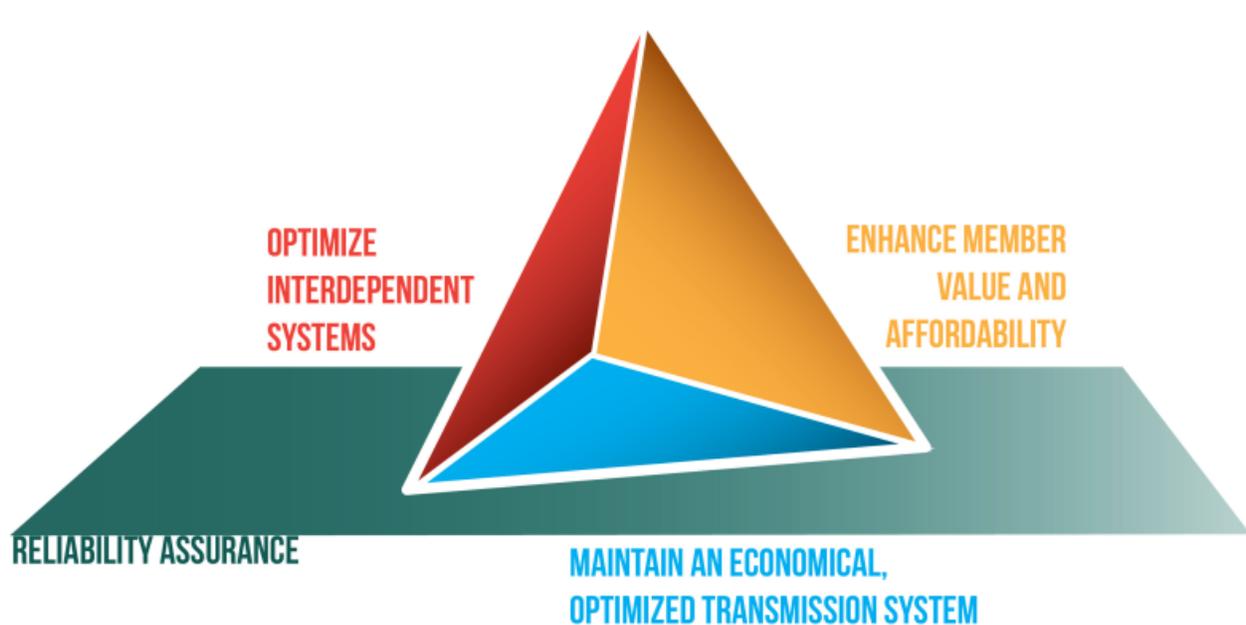


Figure 1: Four Foundational Strategies of the SPP Strategic Plan

Four foundational and interdependent strategies — reliability assurance; maintaining an economical, optimized transmission system; enhancing member value and affordability; and optimizing interdependent systems — create the capabilities and operational processes necessary to fulfill SPP’s mission and maintain or improve its value propositions in the face of a rapidly changing environment. Reliability assurance serves as the foundation for all other strategies, and the enhancement of member value and affordability is the discipline that drives them.

STRATEGIC INITIATIVES

The SPC revised the strategic initiatives of the foundational strategies based on signpost observations.

RELIABILITY ASSURANCE

Integration of Variable Energy Resources (A)

The continued proliferation of variable and distributed energy resources poses challenges to SPP as it works to integrate them reliably into our market while continuing to provide essential reliability services. Operators need tools and processes to balance supply and demand reliably and efficiently. Understanding and integrating distributed energy technology and resources represents a shift in how SPP will plan and operate the grid, and new transmission technologies like synchrophasors and advanced line-switching may further affect grid management. SPP should position itself to take advantage of such technology where cost-effective.

Security Resilience (A)

Cyber and physical threats continue to be a risk for the industry, and resiliency requires constant vigilance, risk assessment and rapid recovery. To prevent incidents, SPP needs not only ongoing standardization and new security initiatives, but also to work with its members and others to develop the tools, skills and processes to be able to recover rapidly from cyber and physical incidences.

Reliability Excellence (B)

SPP will continue to promote and work to improve bulk power system reliability and is committed to promoting excellence in reliability for the organization and its members and registered entities. The goal of reliability excellence is the continuous achievement of zero-defect compliance to the North American Electric Reliability Corporation (NERC) and regional reliability standards in the most cost-effective manner possible. Two particular areas of focus are highlighted in the plan: relay misoperations improvement and dispatch training simulation. SPP will accomplish these goals through reliability forums, lessons learned, advice and other guidance intended to train, educate and assist. SPP further promotes reliability excellence by providing leadership in national forums focusing on improvements to the language and scope of national reliability standards.

NERC has identified protection-system misoperations as one of the greatest risks to bulk electric system reliability. SPP's technical organizational groups should continue their misoperations research and analysis to increase the success rate of regional operations. This is an ongoing effort.

With the addition of balancing authority, reliability unit commitment and real-time balancing market functions, SPP's dispatcher training simulator does not meet the training needs of SPP's operations department. Realistic simulation training using market systems is imperative to SPP operator readiness and increased reliability for the SPP footprint.

Regional Resource Needs (A)

SPP's active coordination and understanding of its members' resource plans will provide state and regional insight. Formulaic coordination to provide SPP a necessary overview of resource adequacy and other reliability concerns is distinct from traditional integrated resource planning and would occur in coordination with assessments by members and the Regional State Committee.

The U.S. Department of Energy has issued rules that may impact the North American generation fleet, and the impact of these rules on the SPP region's resilience have consequences that need to be understood from a reliability perspective. As written, such rules seem not to apply to SPP, but if they do, they may affect the security constrained economic dispatch SPP performs on behalf of its members. Understanding regional resource needs will provide SPP the insight needed to accommodate such changes. If these rules are applicable, SPP must assess the separate and cumulative regional reliability and market impacts associated with them. Completion of this effort is a high priority.

MAINTAIN AN ECONOMICAL, OPTIMIZED TRANSMISSION SYSTEM

Auction Revenue Rights/Transmission Congestion Rights Feasibility (A)

Members have highlighted a strategic disconnect between transmission service and planning processes that are not in concert with current market processes (congestion rights). Congestion costs increasingly reduce end-customer value, and recovery of short-term marginal costs is also a problem. The Market Working Group has highlighted resolutions of these problems as a high-priority goal.

Optimization Strategies for the Future (Policies/Economics) (B)

The Integrated Transmission Planning process must anticipate response to policy initiatives promulgated at the federal, state and local levels. Other policy-driven changes and non-policy needs can also affect transmission. The planning process must be flexible enough to react expeditiously to observations and signposts identified as potential scenarios.

Value Pricing (A)

SPP's highway/byway cost-allocation process does not (and was not intended to) fairly recover the cost of transmission built and used solely to export renewable resources to markets outside of SPP. The abundance of variable energy resources in portions of SPP's footprint represents a strategic opportunity for SPP and its members to capitalize on the ability to export this resource for profit. Stakeholders should develop proposals to develop, build and allocate costs and benefits of transmission necessary to accomplish this strategic initiative.

ENHANCE AND OPTIMIZE INTERDEPENDENT SYSTEMS

Transmission (Seams) (A)

SPP will continue to foster cooperative and joint transmission projects with its neighboring systems to support broader inter-regional planning. This comprehensive effort would identify how to plan, estimate and allocate costs and how to use, compensate and interregionally optimize such facilities.

Optimize Markets Efficiencies Along Seams (A)

With a fully functioning Integrated Marketplace, completion of market-to-market provisions amongst SPP's neighbors is paramount. SPP must consider how to use existing and committed transmission to take advantage of generating resources on both sides of the seams. Additionally, SPP needs to develop comparable market solutions to facilitate exports and ensure grid resiliency.

Optimize Natural Gas Pipeline System Seams (B)

Grid Resilience

With regard to data, information-sharing and scheduling, increased coordination between natural gas fuel pipelines and the power industry in both operations and short- and medium-term planning contexts can improve SPP's situational awareness and fuel-supply reliability of gas-fired plants in the SPP footprint. SPP should continue to improve coordination and information-sharing with the natural gas pipelines in its footprint to increase reliability and resilience.

ENHANCE MEMBER VALUE AND AFFORDABILITY

Communication Strategy (B)

SPP's members face continually rising costs associated with natural gas, upgrades to the bulk power grid, compliance with environmental regulations and liabilities regarding pension obligations. They likewise incur and must pass on to end-use consumers SPP's organizational costs and the cost of new transmission. In light of this, SPP must continue to communicate not only the costs associated with membership but also the value the organization provides to stakeholders and consumers.

SPP will continue its efforts to communicate with and educate various audiences about SPP's initiatives and their value. In conjunction with the Regional State Committee and its members, SPP will visit the region's federal/state regulatory and legislative constituencies to discuss issues of joint concern.

PMO Best Practices (B)

SPP will continue to benchmark and measure processes and major investment projects and increase the transparency afforded to members associated with the organization's costs.

Strategic Membership Exp. (A)

SPP will continue to pursue strategic expansion of its membership and geographic footprint to leverage its capabilities and lower costs. SPP also will seek to understand what prompts entities to terminate membership and develop mechanisms to incent continued participation in SPP.