

**Southwest Power Pool, Inc.**  
**HOLISTIC INTEGRATED TARIFF TEAM**  
**SPP Holistic Integrated Tariff Team Meeting**  
**Dallas, TX**  
**November 6, 2018**  
**• M E E T I N G M I N U T E S •**

**1. Welcome & Introductions**

**2. Call to Order and Administrative Items**

Chair Tom Kent called the meeting to order at 9:01AM.

Tom Hestermann (SEPC) had proxy for Al Tamimi.

The meeting minutes from the October 23, 2018 were approved as drafted. (Mike Wise motioned; Mike Risan seconded)

**3. Issue 2 – Market/Operations Presentations**

Tim Hall (Southern Power) provided the team with an overview of their views on the SPP market design and operations. Hall stated that there are a number of items that can continue to contribute to SPPs market successes: elimination/reduction of make whole payments; expansion of unit commitment parameters and maintaining a reliable grid. Hall concluded that these concepts can be realized by getting the proper alignment of ancillary services and essential reliability services.

**4. Issue 1B History, Background & Potential Future Options**

a. History of SPP Cost Allocation Development

Charles Locke (SPP) provided an overview of the various cost allocation methodologies that have been used in the SPP region since 2005.

b. FERC Precedent: Legal/Regulatory considerations to 1B issues

Tessie Kentner (SPP) described any FERC precedents on cost allocation including cost causation principle and that costs being allocated must be roughly commensurate with benefits. Kentner also referred to two recent FERC dockets

c. Current SPP Cost Allocation Background

i. 20% Wind Rule (RFI 38) (ER05-652)

John Krajewski (NPRB) explained the 20% win rule concepts as they exist today for wind generation. The CAWG does a limited annual review of this and the other safe harbor criteria. The CAWG has not looked into the expansion of this 20% rule to other intermittent generation types, including solar. This rule was originally put in place to protect the footprint from the over-development of wind in any certain areas given the high transmission costs associated with wind development.

ii. Wind TSR Cost Allocation to Host Zone (ER09-1039)

Krajewski explained that if a facility has been issued an NTC related to transmission service request it could be eligible for cost allocation based on the wind rule. The

wind rule for a byway project reverses the cost allocation split to 67% to the region-wide charge and 33% to the host zone. Facilities greater than 33kV are fully regionally allocated. This rule was developed to protect wind rich zones from base plan funded facilities that benefits loads in other zones. Krajewski asked the HITT if they would like the CAWG to address whether or TSR Wind Cost Allocation should be extended to other intermittent resources, either broadly or specific to certain energy sources. The HITT did not provide any guidance on this issue.

iii. Point to Point (PTP) Service Charges and Revenue

Locke reviewed how PTP rates in Schedules 7, 8, 9 and 11 are assessed, charged, distributed and credited under the SPP tariff.

d. Potential Transmission Cost Allocation Options

i. CAWG Update on Cost Allocation Activity

Krajewski briefly covered the CAWG activities on the Cost Allocation in Wind Rich Areas whitepaper that was directed by the RSC. Staff and CAWG looking at updates to the byway cost allocation percentages. CAWG plans to have more information at the RSC meeting in January with a final report in April.

ii. SPP Staff Analysis in support of CAWG Activity

1. Possible Changes to Byway Cost Allocation percentages

Locke presented some analysis completed by Staff looking at changes to the byway cost allocation percentages. Staff looked at the zonal impacts based on the current methodology of 33% regional/67% zonal split, a 50% regional/50% zonal split, and a 100% regional split for all byway projects.

2. Possible Changes to Schedule 11 Pricing Zones

Locke provided some analysis completed by Staff looking at consolidating the Schedule 11 zones into a 6 sub-regions.

3. Possible Design for Market Transmission Service

Locke presented Staff analysis regarding the implementation of a generation injection charge.

5. Stakeholder Presentations on Cost Allocation

a. Zonal Access Charge – An Alternative Rate Design

Dennis Reed (Midwest Regulatory Consulting) provided an overview of an updated rate design concept that was originally introduced to the CAWG in 2009. This concept includes a Zonal Access Charge (ZAC) that would be paid by all generation and load to access the SPP market.

b. CUS Cost Allocation

Chris Jones and John Stephens (CUS) spoke about the SPP cost allocation methodology and the impacts of cost allocation to CUS. The presenters gave some overview of the CUS utility and zone, congestion issues in the area, and their zonal RCAR results for the previous two RCAR studies. Some recommendations provided by CUS were, to refile the potential RCAR remedies with FERC, some additional studies prior to any future cost allocation changes to view zonal impacts, establish upper and lower B/C variance thresholds, and create a guiding principle to move all zonal B/C ratios towards the average zonal ratio.

**6. RFIs**

This item was not covered due to time.

**7. Review/ Update of the RFI list and parking lot items**

November 6 RFIs					
83	<b>Black Start</b>	2	What requirements/regulations exist for black start services/obligations	Richard Dillon	
84	<b>ERCOT</b>	2	ERCOT's ERS service studies and research. See RFI 76.	Richard Dillon	
85	<b>H/B funding of upgrades justified by upgrades for generators with no TSRs</b>	1A/1B	Better understanding on issue.	Antoine Lucas	

**8. Other Items**

This item was not covered due to time.

**9. Next Meetings**

Kent stated that the December meeting will be held after the SPP BOD meeting concludes on December 4, 2018 and finish up on December 5, 2018.

**2018-19 HITT Team Meetings**

- December 4-5, 2018 – Dallas, TX
- January 23-24, 2019 - Dallas, TX
- February 28-March 1, 2019 – Dallas, TX
- April 3-4, 2019 – Dallas, TX
- April 25, 2019 – Dallas, TX

**10. Adjournment**

Chair Kent adjourned the meeting at 2:58PM.



**HITT Team Members Participating**

Tom Kent, Chair (NPPD)  
Rob Janssen (Dogwood Energy)  
Shari Albrecht (KCC) - phone  
Denise Buffington (Westar KCPL) - phone  
Holly Carias (NextEra) - phone  
Graham Edwards (SPP Director) - phone  
Dennis Florum (LES)  
Bill Grant (Xcel SPS)  
Dennis Grennan (NPRB) - phone  
Brett Leopold (ITC)  
Greg McAuley (OGE)  
Mike Risan (BEPC)  
Richard Ross (AEP)  
Tom Hestermann for Al Tamimi (Sunflower)  
Mike Wise (GSEC)  
Cindy Ireland (APSC) – CAWG Liaison

**SPP Staff Attendance**

Paul Suskie, Staff Secretary  
Antoine Lucas  
Ben Bright  
Charles Locke  
CJ Brown  
Don Shipley  
Gary Cate  
Greg Sorenson (MMU)  
Luke Hill  
Richard Dillon  
Tessie Kentner

**Meeting Participants**

Aaron Vander Vorst (Tradewinds)  
Alfred Busbee (GDS ETEC)  
Amber Joyce (MDU)  
Bill Leung (NPRB)  
Blaine Erhardt (BEPC)  
Bob Burner (Duke)  
Brett Hooton (Gridliance)  
Brian Johnson (AEP)  
Brian Rounds (AESL)  
Bryan Feemster (CUS)  
Calvin Daniels (WFEC)  
Carl Monroe (SPP)  
Carrie Dixon (Xcel)  
Charles Hendrix (SPP)  
Chris Jones (CUS)  
Chris Lyons (CES)  
Christine Aarnes (KCC)  
Christy Marske (OGE)  
Daria Diaz (LPSC)  
David Mindham (ITC)  
Dennis Constien (SWPA)  
Dennis Reed (MWRC)  
Derek Sunderman (Tradewinds)  
Ella Caillouette (NWE)  
Eric Alexander (GRDA)  
Eric Laverty (Aces)  
Greg Garst (OPPD)  
J.P. Maddock (BEPC)  
Jason Chaplin (OCC)  
Jason Mazigian (BEPC)  
Jason Shook (GDS/ETEC)  
Jeff Knottek (CUS)  
Jeremy Severson (BEPC)  
Jerry Bradshaw (CUS)  
Jim Hotovy (NPPD)  
Jim Jacoby (AEP)  
Joe Fultz (GRDA)  
Joel Dagerman (NPPD)  
John Allen (CUS)  
John Krajewski (NPRB)  
John Stephens (CUS)  
John Varnell (Tenaska)  
Jon Sunneberg (NPPD)  
Josh Hale (Southern)  
Kass Portra (WAPA)  
Kenny Hale (CUS)  
Kevin Foflygen (CUS)  
Lane Sisung (LPSC)  
LD Larson (Balch)  
Luke Haner (OPPD)  
Maria Tomac (BEPC)  
Mark Watson (Press)  
Maurice Moss (CUS)  
Meena Thomas  
Michael Moffet (SEPC)  
Michael Wegner (ITC)  
Natasha Henderson (GSEC)  
Nicole Wagner (SPP)  
Pam Bonrud (NWE)  
Pat Hayes (LSPower)  
Paul Malone (NPPD)  
Phyllis Bernard (SPP Director)  
Pius Fischer (BEPC)  
Randy Collier (CUS)  
Robert Pick (NPPD)  
Robert Safuto (Customized Energy Solutions)  
Robert Tallman (OG&E)  
Rodney Massman (MOPSC)  
Ron Thompson (NPPD)  
Ryan Kirk (AEP)  
Sam Loudenslager (SPP)  
Shawn Geil (KEPCo)  
Shawnee Claiborn-Pinto (PUCT)  
Simon Mahan (Southern Wind)  
Steve Gaw (Wind Coalition)  
Tim Hall (Southern)  
Traci Bender (NPPD)  
Yohan Sutjandra (TEA)