



SIR6 DA MUST OFFER AND PHYSICALLY WITHHOLDING

SPP MARKET MONITOR

MARCH 18, 2020

Helping our members work together to keep the lights on... today and in the future.



SouthwestPowerPool



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SIR6 DAY-AHEAD MUST OFFER AND PHYSICAL WITHHOLDING MARKET MONITORING

- **What will the initiative do for SPP's Market:**

- Address shortcomings of day-ahead must offer requirement by either:
 - Improving the day-ahead must offer requirement to address known concerns
 - Replace day-ahead must-offer requirement with additional actionable physical withholding provisions

- **How is SPP's market improved by implementing the initiative:**

- Increased reliability –
 - The day-ahead must-offer requirement is ineffective at promoting reliability
 - SPP experienced 35 days of conservative operations and 1 EEA1 in 2019
 - SPP had a record number of maintenance outages, forced outages, and de-rates in 2019

SIR6 DAY-AHEAD MUST OFFER AND PHYSICAL WITHHOLDING CONTINUED -

- **Potential System Impacts:**
 - MDB, MMU Process, Settlements
- **Potential MCE Performance Impact:**
 - NA
- **Potential Complexity:**
 - Design: Medium
 - Implementation: Low
- **Potential Risks:**
 - Risk of misunderstanding and/or misinterpreting regulatory changes
 - Risk of not enhancing reliability if current day-ahead must offer provisions remain in place
- **Market Philosophy Impacts: Price Formation, Price Convergence, Market Efficiency, Market Transparency, Market Reliability**
 - All

SIR6 DAY-AHEAD MUST OFFER AND PHYSICAL WITHHOLDING CONTINUED -

- **Example/Research/Analysis Information:**

- The MMU first commented on their finding concerning the day-ahead must offer obligation in their 2014 Annual State of the Market report:
<https://www.spp.org/documents/29399/2014%20state%20of%20the%20market%20report.pdf>
- RTO filed with FERC to remove the day-ahead must offer requirement
 - FERC rejected the filing but indicated it would consider the removal of the day-ahead must offer requirement if it were paired with additional physical withholding provisions
 - https://www.spp.org/documents/54897/20171013_order%20-%20tariff%20revisions%20to%20remove%20day-ahead%20limited%20must-offer%20requirement_er17-2312-000.pdf
- The MMU last commented on their recommendation related to day-ahead must offer and physical withholding in their 2018 Annual State of the Market report:
 - 2018 MMU Annual State of the Market report:
<https://www.spp.org/documents/59861/2018%20annual%20state%20of%20the%20market%20report.pdf>
- The MMU reported on conservative operations and its impact on prices, make-whole payments, and reliability in their 2019 Summer Quarterly State of the Market report:
 - 2019 MMU Summer Quarterly State of the Market report:
https://www.spp.org/documents/60882/spp_mmu_qsom_summer_2019.pdf