MARKETS DEVELOPMENT UPDATE
February 2, 2022
WELCOME AND OVERVIEW

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GOVERNANCE DESIGN TEAM UPDATE

SARAH EDMONDS, PORTLAND GENERAL ELECTRIC
# STAKEHOLDER LEADS

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Sarah Edmonds</td>
<td>Director, Transmission Services</td>
<td>Portland General Electric</td>
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<tr>
<td>Aly Koslow</td>
<td>Director, Federal Regulatory Affairs and Compliance</td>
<td>Arizona Public Service</td>
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<tr>
<td>David Rubin</td>
<td>Federal Energy Policy Director</td>
<td>NV Energy</td>
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<tr>
<td>Joe Fina</td>
<td>Assistant General Counsel</td>
<td>Snohomish County Public Utility District No. 1</td>
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<tr>
<td>Lea Fisher</td>
<td>Senior Policy Analyst</td>
<td>Public Generating Pool</td>
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## SPP Support Team

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<tr>
<th>Name</th>
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<tr>
<td>Kara Fornstrom</td>
<td>Director, State Regulatory Policy</td>
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<tr>
<td>Mike Riley</td>
<td>Associate General Counsel</td>
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<tr>
<td>Nicole Wagner</td>
<td>Manager, Regulatory Policy</td>
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<tr>
<td>Patti Kelly</td>
<td>Lead Regulatory Analyst</td>
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GDT TOPIC SCOPE

• Our Issues
  • Board of Directors
  • Committee Framework (Participants, Nominating, Technical, Regulators and Stakeholders)
  • Voting Structures
  • Jurisdiction
  • Exit Provisions

• Not Our Issues
  • Market Monitor
  • Green House Gas Tracking

  • (Both Issues are separate design elements that will be addressed by other teams)
GOVERNANCE OBJECTIVES

• Independent Board of Directors with Skills and Experience Reflective of All Regions, Market Participants and Interests within Its Oversight

• Open, Transparent Stakeholder Process that Balances Diverse Interests

• Board Nominating Process that is Clearly Defined and Geographically/Sector Representative

• Effective Forums for Stakeholders within the Governance Framework
INTRODUCTION OF GOVERNANCE OPTIONS

• **Option #1**: Modify existing SPP RTO governance structure
  - Include Markets+ Sector Representation, as SPP Members, on Standing RTO Committees
  - PLUS Minimal Autonomous governance framework for Markets+ exclusive issues

• **Option #2**: Robust autonomous Markets+ governance framework
  - Would establish Markets+ “governing body” with certain authorities and a nominating committee for the governing body for SPP board review
  - PLUS additional committee structures (participants committee, committee for states, other etc.)

• **Option #3**: Combination of Options #1 and #2
  - Robust autonomous Markets+ governance framework
  - PLUS Modifications to SPP Bylaws for SPP Board qualifications and Corporate Governance Committee composition

• Other Options?

*Autonomous governance framework options could leverage WRAP governance concepts and structures or create new structures/concepts*
DISCUSSION
TRANSMISSION AVAILABILITY DESIGN TEAM UPDATE

STEVE JOHNSON, SPP
TRANSMISSION AVAILABILITY TEAM

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<tr>
<td>Joe Taylor</td>
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<td>Manager, Transmission Access</td>
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<td>Xcel Energy</td>
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<tr>
<td>Chris Hoffmann</td>
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<td>Director Transmission &amp; Generation Operations</td>
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<td>Salt River Project</td>
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<td>Mike Linn</td>
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<td>Director, Market Analytics</td>
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<td>Public Power Council</td>
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<tr>
<td>Steve Johnson</td>
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<td>Principal Operations Specialist</td>
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<td>Hamilton Bitely</td>
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<td>Senior Operations Analyst</td>
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TADT PRINCIPLES

• Maximize transmission available for market use (flow-based option preferred) and included in market unit commitment and dispatch solution (SCED, SCUC)

• Honor existing OATT rights

• Transmission service provider maintains planning and ATRR determination responsibilities

• Minimize cost shifts and free-ridership

• Make it simple, incent maximum participation

• Minimize/eliminate hurdle in market solution

• Maintain or improve system reliability
OPTIONS AND ISSUES BEING CONSIDERED

• Load-based transmission charge
  • Rate design
  • ATRR to recover
• Market based transmission charge
  • Rate design
  • Use determination
• MOD 29 to MOD 30 transition
• Incorporate base scheduling benefits
MARKET EFFICIENCY USE (MEU)

• Recognizes benefits of operating the market across the transmission system

• Only charged for market use above calculated network and P2P service use

• Funded out of Revenue Neutrality Uplift (RNU) – Cost is allocated to all market participants (all inputs, e.g. load, gen, import/export, etc.) to reflect market benefits of expanded market provided by Markets+ transmission use

• Decoupled from congestion hedging settlements
MEU USE (BASED UPON BACKING OUT TSR “USE”)

\[
\text{MEU Hourly Use} = \sum \text{Total "Use" MW} - \sum \text{(NITS "Use" MW)} - \sum \text{(PTP "Use" MW)} - \sum \text{(Other "Use", if any, MW)}
\]

Calculated on an hourly (average) basis.
ATRR RECOVERY

- Market Efficiency Use
- Point to Point Service
- Network Service
NEXT STEPS

- White Paper discussing options in more detail
  - Draft to consider at March 29&30 meeting
- Joint meeting with Market Design Team March 16th
  - Congestion Rents
  - Base Schedule Benefits
MARKET PRODUCTS/PRICE FORMATION DESIGN TEAM UPDATE

JIM GONZALEZ, SPP
# MARKET PRODUCTS AND PRICE FORMATION

## DESIGN TEAM

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<thead>
<tr>
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<tbody>
<tr>
<td>Jeff Spires</td>
<td>Director, Power</td>
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<tr>
<td>Carrie Simpson</td>
<td>Director, Western Markets</td>
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<tr>
<td>Brian Cole</td>
<td>General Manager, Resource Management</td>
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<tr>
<td>Russ Mantifel</td>
<td>Director of Market Initiatives</td>
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## SPP Support Team

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<tr>
<td>Jim Gonzalez</td>
<td>Manager, Real Time Markets</td>
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<td>Gary Cate</td>
<td>Manager, Market Design</td>
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MARKET PRODUCTS AND PRICE FORMATION DESIGN TEAM

• Last Meeting 02/22/2022
  • Review Scope
  • Initial Consensus on high-level guiding principles
  • Establish baseline assumptions
  • Define list of topics to be explored

• Next Meeting 03/16/2022
  • Joint with Transmission Design Team
MARKET PRODUCTS AND PRICE FORMATION DESIGN TEAM

- Draft working document for team introduced
  - Guiding principles
  - Working assumptions
  - Topics for exploration
  - Market design components and features
- Tool to help participants catch up quickly between meetings
  - SPP staff adding content based on previous meeting
  - Working document, not final deliverable
REMAINING DESIGN ISSUES

CONGESTION RENT ALLOCATION
PEER-TO-PEER SEAMS
MARKET MONITOR AND OVERSIGHT
GREEN HOUSE GAS TRACKING
NEXT STEPS

BRUCE REW
We are here
FUTURE MEETINGS

• March 14: Governance Design Team

• March 16: Joint Meeting of the Market Products/Price Formation and the Transmission Availability Design Teams

• March 29-30: In-Person in Phoenix
  General Sessions and Design Team Breakouts
PHOENIX MEETING DETAILS

• Desert Willow Conference Center

• Nearby Hotels:
  • Homewood Suites by Hilton
  • Courtyard Phoenix Airport

• Tuesday, March 29th: 8:00 am – 5:00 pm (Breakfast/Lunch Provided)
• Wednesday, March 30th: 8:00 am – Noon (Breakfast Provided)
Questions or comments?
Contact us at:

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sjohnson@spp.org
kfornstrom@spp.org