

# MARKETS



## GENERAL SESSION

March 30, 2022



*Working together to responsibly and economically  
keep the lights on today and in the future.*



SouthwestPowerPool



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Southwest Power Pool  
**WESTERN  
ENERGY  
SERVICES**

# AGENDA

<b>General Reactions</b>	Participants
<b>Governance Design Team Readout</b>	Aly Koslow, APS
<b>JOINT Transmission Availability and Market Products/Price Formation Design Teams Readout</b>	Steve Johnson, SPP Jim Gonzalez, SPP
<b>Questions/Discussion</b>	Bruce Rew, SPP
<b>GHG Market Design Introduction</b>	Kara Fornstrom, SPP
<b>Next Steps/Schedule</b>	Bruce Rew, SPP
<b>Milestones for June In-Person Meeting Phoenix Takeaways</b>	SPP Facilitators Participants

# MARKETS



## GENERAL REACTIONS



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# GOVERNANCE DESIGN TEAM READOUT

ALY KOSLOW, APS

# MARKETS+ GOVERNANCE OPTIONS

**2A**

**2B**

**Add 3?**

**SPP Independent Board**

**Markets+ Participants Executive Committee (MPEC) – Participant Based**

**Markets+ Working Group (M2WG) – Sector Based**

**Future Joint (with RTO) Work Groups**

**Markets+ State Committee**

**Markets+ Independent  
Governing Board**

**Nominating Committee  
(Sector Based)**

**SPP By-Laws Modification  
Board Qualifications?**

**SPP CGC  
Add Markets+ Seat?**

# GOVERNANCE OPTIONS EVALUATION MATRICES

DEFINITIONS:

MEMBER – SPP RTO

MARKET PARTICIPANT

STAKEHOLDER

# Ultimate Entity

## Participants Executive Committee v. Governing Board

Pro Executive Committee	Lower cost, ease of implementation
Pro Governing Board	Useful mechanism to build trust, independent decision-making, accessibility, transparency
Con Executive Committee	Complicated decisional authority
Con Governing Board	Increased cost and complexity

## Markets+ Governing Board

## Gov Board Nominating Cmte

Authority

Tariff changes, business practices

Oversee process to nominate potential members to the governing board

Composition

5

Representatives of Market participants and stakeholder sectors

Qualifications

Market experience, financial independence from market participants,



2A

**Market Participants  
Executive Committee**

**Working Group  
(sector-based)**

Authority	Markets+ Tariff, Business Practices	
Purpose	Review, Working Group Proposals, Recommendations to Governing Board	
Composition	Market Participants	Representatives of Market participants and stakeholder sectors
Qualifications	Sr. mgmt. official w/binding financial decision-making authority	

# 2A

## Market Participants Executive Committee

## Working Group (sector-based)

Leadership  
(Term/Election)  
(Resignation/Vacancies)

Committee to determine

Committee to determine

Meetings  
(Frequency)  
(Public/Private)

Public, except when  
noticed with transparent  
meeting purpose

Public, except when  
noticed with transparent  
meeting purpose

Voting Structure  
(House/Senate)

House/Senate

Senate

## Potential SPP RTO Governance Modifications

Bylaws  
BOD Qualifications

Western Interconnection Experience

Corporate  
Governance Cmte  
Markets+ Seat

Yes, Voting

Others?

## Other Issues

Governance Modification Process	
Governance Review (Timeframe) (Process)	3 years with defined triggering conditions
Exit Provisions	
Appeals Process	Market participant can appeal any action or inaction of the ultimate authority

# Markets+ States Committee

Authority/Purpose

Composition  
Qualifications

Functions

## Markets+ States Committee

Leadership  
(Term/Election)  
(Resignation/Vacancies)

Meetings  
(Frequency)  
(Public/Private)

Voting Structure

Technical Support  
(Funding Mechanism)

# REQUEST FOR WRITTEN COMMENTS

COMMENT TEMPLATE: ISSUE APRIL 1

COMMENT DEADLINE: APRIL 20

# **GDT FUTURE MEETINGS/SCHEDULE**

- April 20: Written Comments Due
- April 25: Governance Design Team Webinar
  - Provide Summary of Written Comments
- April 27: Development Update Webinar
  - Design Team Updates
  - Market Monitor Options
- May 23: Governance Design Team Webinar
  - Present Governance Concept Proposal
- June 1-2: In-Person Meeting - Denver



# JOINT TRANSMISSION AVAILABILITY AND MARKET PRODUCTS/PRICE FORMATION DESIGN TEAMS READOUT

STEVE JOHNSON, SPP  
JIM GONZALEZ, SPP

# TADT DESIGN SESSION

- Flow-based market operations
  - Agreement that market will employ a flow-based solution in the day-ahead and real-time windows
  - Will not require TSP conversion from MOD-29 to MOD-30 to facilitate
  - Flexible enough to accommodate conversion to MOD-30 on an individual entity basis
  - ATRR and rate design discussions

# TADT DESIGN SESSION

- Base Schedules
  - Generation to Load relationship
  - Not equivalent to self scheduling
  - Demonstrate transmission rights to deliver
  - May be a e-TAG, but not required

# TADT DESIGN SESSION

- Congestion
  - Hedge/rents based on TSR
    - Only available to 7/6 transmission priority
  - Not a tradeable instrument
    - Existing OATTs provide mechanisms to “trade”
  - Network rights limited to load + buffer (e.g., 103%)
  - Designated Resources limited based on availability to Markets+
- Next Steps:
  - SPP provide examples to help navigate through option vs. obligation vs. hedge discussion

# DISCUSSION TOPICS

- Review of guiding principles and Markets+ Roadmap
- Inventory of key decision topics for Markets+ market design
- Grouping of topics into buckets and document decisions when possible

# KEY DECISION TOPICS

Market  
Timelines

Losses

Congestion  
Hedge

Market  
Products

Congestion  
Management

Dispatch

Unit  
Commitment

Physical  
Sufficiency

Uplifts

Bilateral  
Transactions

Physical  
Deliverability

Mitigation

Participation  
Models

Price  
Formation

Virtuals

GHG/Carb

# DESIGN TOPIC DECISION GROUPINGS

## No Brainer

- Guiding Principles
- Markets+ Evolution Options
- FERC Orders
- Wholesale Market evolution in North America

## Regional Preference

- Driven by unique characteristics, evolution and operation of Western Interconnection
- External drivers
- Complexity versus benefit of design and implementation

## Balancing Authority

- Driven by Balancing Authority functional role

## Joint Discussion

- “Chicken or egg” based on decisions in Markets+ Transmission Availability Design Team

# MARKET TIMELINE

- Multi-Day Advisory
- Day-Ahead Market (close and posting TBD)
- Real-Time Balancing (same timeline as SPP IM)
- Reliability unit commitment



# DAY-AHEAD MARKET KEY FEATURES

- Hourly granularity for clearing and start/stop instructions
- BA to BA Firm transfers
- Ensures physical sufficiency
  - Blending of must-offer requirements and scarcity pricing
- Make-whole payments
- GHG compatible (Accounting and pricing)

# DAY-AHEAD MARKET KEY FEATURES (CONT)

- Support “Base Schedules”
- Market window is a single Operating Day

# MARKETS+ MARKET DESIGN OVERALL KEY FEATURES

- Market Products:
  - Energy => yes
  - Contingency Reserve and Regulation => no
  - Flexibility => yes
- Day-ahead is market position, Real-time is delta
- Flow-based market operations
- Net Settlement including DA Market, RT and congestion rents
- Technology agnostic (adopt participation models from SPP IM)

# NEXT STEPS

- Determine mitigation design
- Inventory of TSP timelines compared to Markets+
  
- Parking lot:
  - Virtuals
  - Losses

# FUTURE MEETINGS/SCHEDULE

- April 13: Transmission Availability Design Team
- April 26: Market Products/Price Formation Design Team
- April 27: Development Update Webinar
  - Design Team Updates
  - Market Monitor Options
- May Meetings: TBD – Joint/Topics
- June 1-2: In-Person Meeting - Denver

# QUESTIONS/DISCUSSION

# GHG MARKET DESIGN INTRODUCTION

KARA FORNSTROM, SPP

# GHG TRACKING: GUIDING PRINCIPLES

- Robust and consistent framework
- Sufficient granularity to demonstrate compliance with state regulation
- Simple, cost-effective solution
- Avoid administrative burden and double counting
- No interference with market dispatch principles





# GHG DESIGN ELEMENT

- Leverage existing work by numerous parties in the West
- Invitations to Present Concepts
  - April 20: 11:00-1:00 (Pacific)
  - May 17: 11:00-1:00 (Pacific)
- Written Comment Opportunity
- June 1-2 In Person Breakout Session

# NEXT STEPS SCHEDULE

BRUCE REW, SPP

# 2022 MARKETS+ GOAL AND SCHEDULE

- Draft Service Offering – End of September
  - Written Comment Period
- Final Service Offering – Mid-November
  - Will Not Include: Market Protocols and Tariff Language
- Commitment to Investigate – Q1 2023
  - Financially Binding to Scope Implementation
- Stakeholder Process to Develop Market Protocols and Tariff Language
- Participant Agreement Execution – Fund Implementation

# MILESTONES FOR JUNE MEETING

TRANSMISSION

CONGESTION RENT

GOVERNANCE

GHG TRACKING

MARKET DESIGN

SEAMS

MARKET MONITOR

# TAKEAWAYS

# MARKETS



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