MARKETS
Development Update
November 16
**TODAY’S AGENDA – DRAFT SERVICE OFFERING**

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MARKET MONITORING

WEIS
- Internal SPP MMU

RTO Expansion (RTO West)
- Internal SPP MMU

Markets+
- Internal SPP MMU
  - Included in the Service Offering
- External MMU
- Hybrid - Multiple Market Monitors
  - Internal + External

Options
RESOURCE ADEQUACY AND WRAP INTEROPERABILITY
LARGE SET OF COMMENTS SUPPORTING M+ PROPOSAL

• Common Resource Adequacy Program as prerequisite for Market+ participation
  • Ensures reliability of footprint and equity between participants
  • No separate, binding Resource Sufficiency Test

• Next Steps: Joint Taskforce established early in Phase 1 to determine WRAP and Market+ interactions
ADDITIONAL DISCUSSION AS THE TWO PROGRAMS WORK TOGETHER

• **Respect WRAP**: Markets+ should not interfere with WRAP governance or reduce WRAP benefits of non-Markets+ WRAP participants *(look for solutions that support both)*

• **Markets+ RA requirement**: all market participants meet the same RA standard based on WRAP requirements

• Considerations for implementing an “equivalent standard” for non-WRAP members:
  - Calculating an equivalent RA requirement for non-WRAP members
  - Applying diversity benefits between non-WRAP members
  - Developing process for forward showing by non-WRAP members
  - Developing equivalent failure consequences for non-WRAP members
STAKEHOLDER THOUGHTS ON POTENTIAL CHANGE?

• Given the additional complexity and efforts to develop and operate an equivalent standard option, are there sufficient benefits to pursue this approach?
  • Would mandatory WRAP membership be a more straightforward requirement for Markets+?
  • Does this concept strand participants from Markets+?
    • What does WRAP participation with no connectivity to rest of WRAP look like?

• Potential change: require participation in WPP WRAP, pending FERC approval, as prerequisite to Markets+ participation
  • No equivalent standard option
IMPLEMENTATION AND NEXT STEPS
NEXT STEPS FOR MARKETS+

• Final service offering – late November
  • Will not include: market protocols and tariff language

• Phase 1 commitment timeline
  • Financially binding phase to draft protocols and tariff language
  • December 2022-March 2023 engage supporting entities
  • Contracts executed by April 1, 2023
PHASE 1 OVERVIEW

• Q1 2023
  • Funding parties execute funding agreements by April 2023
    • $9.7 million
    • Approximately 21 month process
  
• Q2 2023
  • Establish key features of Markets+ governance
  • Explore opportunity to add Energy Imbalance Market phase of Markets+
  
• Target June 2024
  • Implement Energy Imbalance Market phase of Markets+
PHASE 2: IMPLEMENTATION COST ESTIMATE

• Implementation assumptions
  • 50 GW system (SPP’s RTO system peak is ~55 GW)
  • Up to 30 balancing authority areas
  • Up to 90 market participants
  • 3-year effort for implementation
PHASE 2: IMPLEMENTATION COST ESTIMATE

• Implementation cost (total one-time cost)
  • Approximately $130 million +/- 25%
  • **Note:** SPP’s day-2 implementation cost was $115 million excluding SPP staff labor costs in the 2011-2014 timeline.

• Annual administrative fee for participation (Run Rate)
  • Approximately $60 million +/- 25%
    • Using potential NEL for estimation, the rate is approximately $0.19/MWh +/- 25%
  • **Note:** SPP’s full RTO administrative rate for 2022 is $0.43/MWh
MARKETS+ AND RTO WEST

• RTO expansion to West
  • Seven parties are expected to make a decision for RTO West participation by March 2023.

• Compatibility with Markets+ and RTO West
  • SPP staff is exploring opportunities to minimize cost impacts for entities who choose to transition from Markets+ to RTO membership.
QUESTIONS/DISCUSSION
Working together to responsibly and economically keep the lights on today and in the future.