

# MARKETS



March 2, 2023



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



SouthwestPowerPool



SPPorg



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**WESTERN  
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SERVICES**

# TODAY'S AGENDA

Welcome

Phase 1 Funding

Markets+ Tariff Development Overview

Discussion of Future Meetings

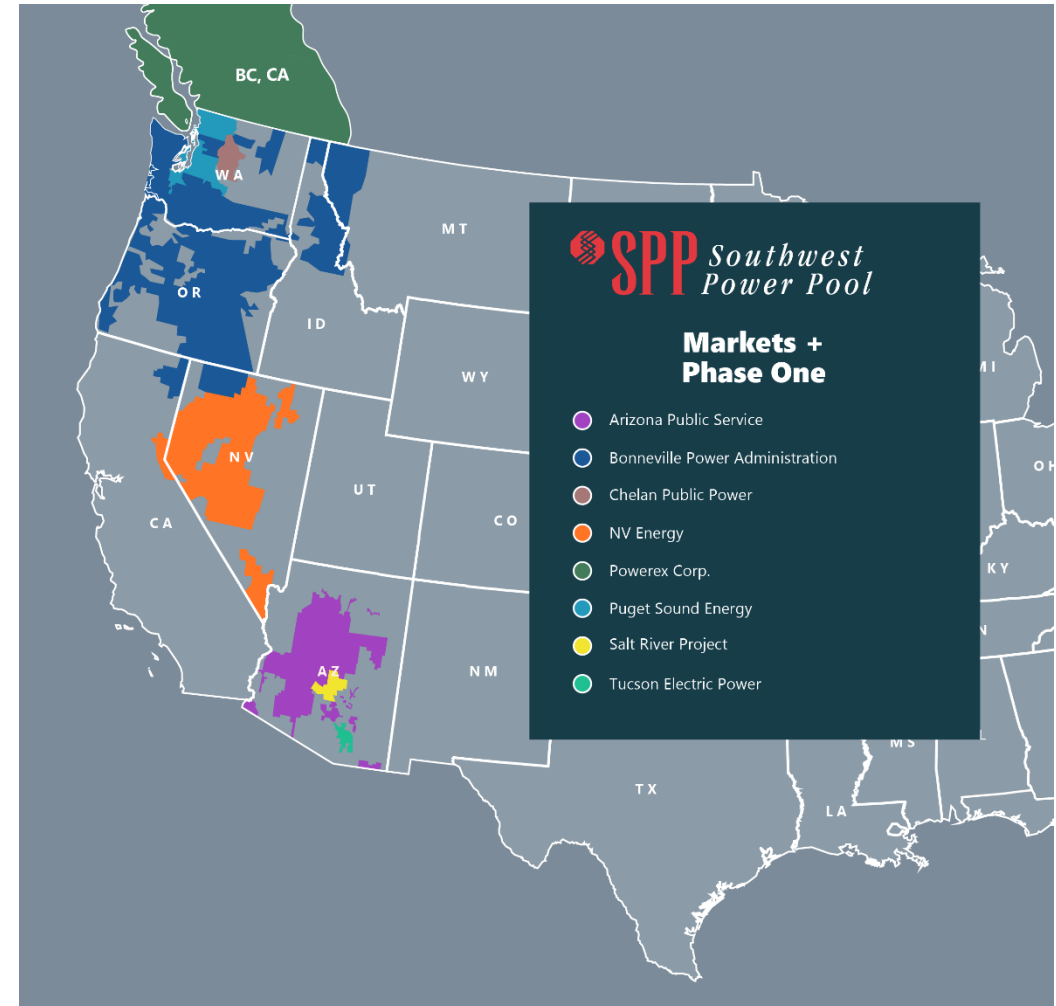
Q&A

# WELCOME

ANTOINE LUCAS, SPP

# PHASE ONE FUNDING UPDATE

- Critical mass reached February 23.
- Phase one is moving forward.
  - As of March 2, more than 250 TWh of annual load committed with several contiguous balancing authorities.
    - Represent approximately 40 GW of aggregate peak load
  - SPP anticipates additional parties signing to expand the footprint.
- Additional entities can commit before April to expand the voting seats and share phase one funding.
  - Phase one funders receive credits to costs in phase two.



# MARKETS+ STAKEHOLDER PARTICIPANTS

- SPP continues to receive interest and signatures for the stakeholder agreement for participation in the phase one governance.
  - NGOs, PIOs and power marketers (without generation or load).
- Parties may continue to join through April 1.
- SPP will post a list of the participating entities.

# MARKETS+ TARIFF DEVELOPMENT OVERVIEW

CARRIE SIMPSON, SPP

# PHASE ONE EXPEDITED TIMELINE PROPOSAL

- Requests for expedited phase one timeline.
- Approved budget is \$9.7M.
- Approved timeline scope includes developing tariff language and protocols and establishing main components of the governance structure, etc. consistent with the final service offering.
  - 21-month timeline followed by phase two implementation.

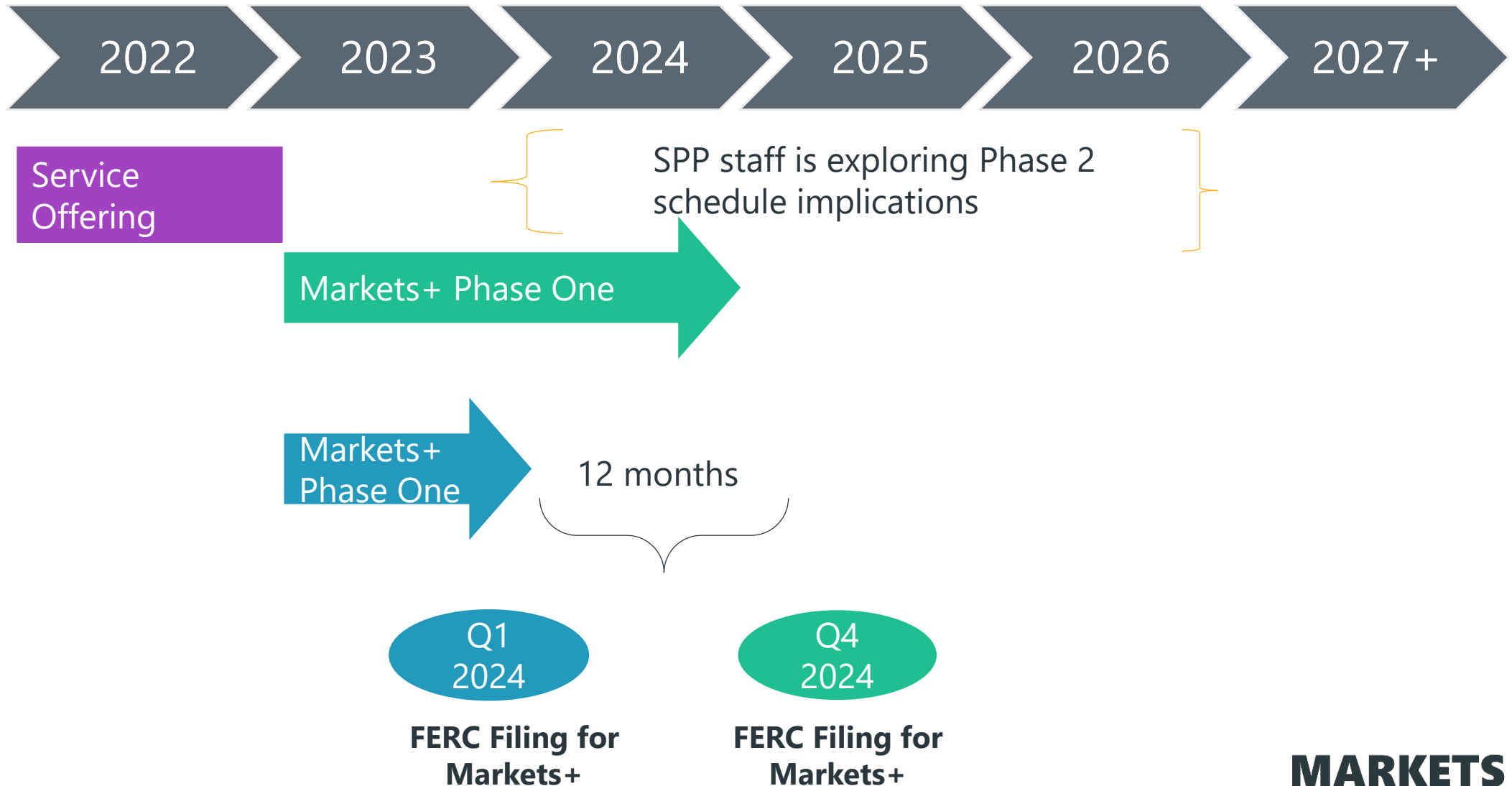
# HOW DO WE MANAGE SCOPE TO REDUCE TIMELINE?

Ways to reduce scope of Markets+ Phase 1

1. SPP brings tariff language to working groups to review instead of initiating drafting within the working groups.
  - Leverage “boilerplate” market design elements where possible
2. Focus working group activities to areas unique to Markets+.
3. Identify elements to postpone due to time required to resolve.



# PHASE ONE TIMELINE: **EXISTING** VS. **EXPLORING**



# SCOPE REDUCTION OPTIONS: **BOILERPLATE DESIGNS**

- Present boilerplate items to stakeholders in blackline Tariff form for review and approval
- “Boilerplate” market design features:
  - Existing Integrated Marketplace (RTO market) features as foundational items for tariff drafting.
  - Day-ahead, RUC and real-time processes and steps.
  - Standard inputs, bids and offers.
  - Participation models for types of resources participating
  - SCUC/SCED features: constraints, violation relaxation limits and fast-start pricing.
- Note: These design items are consistent with final service offering.

# SCOPE REDUCTION OPTIONS: **FOCUS ON UNIQUE ITEMS**

- Focus stakeholder engagement in working groups on unique Markets+ design elements and issues identified from service offering.
  - GHG pricing and accounting
  - Transmission usage charge and capability
  - Congestion rent allocation
  - WRAP/must-offer design and interactions
  - Aggregate hydro model
  - Virtual bids/offer effective date

# ISSUES IDENTIFIED IN SERVICE OFFERING

Market Design Element	Stakeholder Group
Transmission availability changes necessary to support the RUC process	Both Transmission Working Group and Reliability Working Group
Evaluation of external resource model and applicability to Markets+	Market Design Working Group
Whether existing participation model can adequately account for operating characteristics of hydro-generation	Market Design Working Group
WRAP as the common, FERC-approved resource adequacy program for Markets+	WRAP Task Force
Congestion rent allocation cap calculation of transmission rights equal to average customer load multiplied by 103%	Congestion Hedging Task Force
Process for communicating source sink, MW limit and time period eligible for congestion rent allocation	Congestion Hedging Task Force

# EVALUATION OF MARKETS+ DESIGN ELEMENTS

Market Design Element	Stakeholder Group
Convergence bidding (virtuals) impacts to Markets+ price formation and unit commitment and whether to include virtuals a market start	Market Design Working Group
Expanding dispatchable interchange schedules beyond the day-ahead market	Market Design Working Group and Transmission Working Group
Coordination with neighboring transmission service providers (TSPs) to determine congestion management needs related to transmission priority of services	Transmission Working Group and Seams Working Group
Limited exceptions (carve outs) for transmission service owned by transmission customer of participating TSPs	Transmission Working Group
Protocols for communicating transmission availability for subsequent market runs	Transmission Working Group

# SCOPE REDUCTION OPTIONS: ITEMS TO POSTPONE

- Day-ahead market design “Option Two”
  - Service offering included a proposal to evaluate using load and wind forecast data and expected resource availability costs (option two) rather than a behavior-based participation model (option one), consistent with existing RTO/ISO markets.
- Long-lead resource economic commitment logic
- Other items may be identified during detailed market design review within working groups

# PHASE ONE TIMELINE: REQUEST FOR FEEDBACK

- SPP requests input and feedback from stakeholders on expediting the timeline.
  - Do you support an expedited phase one timeline?
  - What else would you like to see related to the timeline?
- Please provide comments to [marketsplus@spp.org](mailto:marketsplus@spp.org) by March 17, 2023.
  - All stakeholders are welcome to provide comments.

# FUTURE MEETINGS

CARRIE SIMPSON, SPP



# MEETING FREQUENCY AND TYPE

- Parties have requested SPP host more face-to-face meetings in 2024.
  - Original plan is meeting quarterly face-to-face with virtual meetings on biweekly and monthly basis for working groups, as applicable.
- SPP could move to hosting face-to-face meetings on bi-monthly basis (every six weeks).
  - Requests input from stakeholders
  - [marketsplus@spp.org](mailto:marketsplus@spp.org)

# UPCOMING MEETINGS

- Phase one updates – virtual calls
  - March 16, March 30, April 11
  - Topics:
    - Governance launch
    - Seams education
    - Markets+ real-time market option
    - Timeline and expectations
- Phase one kick-off
  - April 18-19 at Tri-States offices in Westminster, Colorado

# QUESTIONS?