March 2, 2023
## TODAY’S AGENDA

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<td>Welcome</td>
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<td>Phase 1 Funding</td>
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<td>Markets+ Tariff Development Overview</td>
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<td>Discussion of Future Meetings</td>
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<td>Q&amp;A</td>
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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.
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**

2022

2023

2024

2025

2026

2027+

**Service Offering**

Markets+ Phase One

SPP staff is exploring Phase 2 schedule implications

Markets+ Phase One

12 months

Q1 2024

FERC Filing for Markets+

Q4 2024

FERC Filing for Markets+
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

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

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