



**SOUTHWEST POWER POOL, INC.**  
**Markets+ Phase One Update**  
**March 30, 2023**

**AGENDA**

1. Welcome ..... Antoine Lucas
2. Condensed Timeline Comment Review ..... Carrie Simpson
3. Markets+ Real-Time Market Update..... Jim Gonzalez
4. Seams ..... Carrie Simpson/Aaron Shipley
5. Launch Update..... Carrie Simpson
6. Q&A..... All

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# STAKEHOLDER COMMENTS: MARKETS+ ACCELERATED TIMELINE

In its March 2, 2023 Markets+ Phase One Update, SPP requested feedback from stakeholders regarding a proposal to shorten the timeline for completing phase one of Markets+ development from 21 months to 12 months. Stakeholders were given a deadline of March 17 to submit feedback. This document compiles all comments received from the following stakeholders:

[Arizona Public Service](#) (APS)

[Bonneville Power Administration](#) (BPA)

[NV Energy](#)

[Powerex Corporation](#)

[Public Generating Pool](#) (PGP)

[Puget Sound Energy](#) (PSE)

[Snohomish County PUD](#)

[Salt River Project Agricultural Improvement and Power District](#) (SRP)

[Western Resource Advocates, Sustainable FERC Project and Renewable Northwest](#) (joint comments)

# ARIZONA PUBLIC SERVICE (APS)

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Arizona Public Service (APS) is appreciative of SPP working to find areas of opportunity to shorten the timeline to get Markets + off the ground, which were presented at the March 2, 2023 Phase 1 update call. APS believes it is of paramount importance for SPP to maintain the shortened timeline along with exploring further opportunities to streamline as Phase 1 begins. APS has signed-on to fund Phase 1 along with other interested parties, which allowed critical mass to be met before the original funding deadline of April 1st and enabled SPP to move into Phase 1 early. APS supports the boiler plate framework of utilizing components of the Integrated Marketplace into the Markets + tariff and recognizes significant evolution and experience has taken place in the Integrated Marketplace in which Markets + can adopt. While APS supports the accelerated timeline it does not come without risk that key items for interested parties are not determined at the time of tariff filing. All the significant issues where resolution is needed in order to make decisions on any phase 2 implementation and market selections must be determined in phase 1 and in parallel with a Tariff filing. In the areas where agreement can be reached that some market design areas can be "deferred" until after phase 1 Tariff filing, APS would request clear expectations on timelines to address such items with a commitment to adhere to the developed timeline agreed to by participants.

APS along with other parties in the West have sincere interest in joining a day-ahead market that furthers each entities' goals and are eagerly awaiting tariff filings and associated business protocols to make a decision on the two developing day-ahead market options. While the areas of importance may differ between entities, APS is seeking clarity in the following areas to be prepared to make the best decisions for our customers: congestion rent allocation, transmission usage, charges, and capability, WRAP/must-offer design and interactions, and desert southwest gas utilization and management as well as other use limited resources such as batteries. APS is concerned that these areas may not reach the level of understanding necessary in the tariff to be able to determine our preferred day-ahead market option and would require further development post-tariff filing. APS believes that if tariff language is left open-ended with details to be decided in the market protocol that those sections of the market protocol be completed alongside the tariff, so potential participants can connect the tariff language to the more detailed expectations on how Markets + will operate.

APS believes that the proposed work groups and task forces may have some overlap in personnel attending and topics covered. An ability to be flexible in agenda setting and allocating time to specific items could lead to more efficient prioritization in addressing larger items. On the seams working group charter and scope, APS believes that this group would be best served identifying a proposal and position to address seams that is reciprocal, fair, and transparent so that the proposal is in writing and ready as a starting point with any external impacted parties.

Finally, SPP has requested feedback on meeting cadence. APS believes that in-person meetings are valuable in moving things forward and creating alignment. For that reason, APS would propose using places like Portland, Denver, Las Vegas, and Phoenix as the rotating in-person meeting locations and APS would offer that it could host some of the meetings in Phoenix. APS would propose meetings every 2-3 weeks with every third one being in person (in-person meeting every approximately 2 months/9weeks). This will allow time for work to be done in between meetings and still allow time to put out meeting materials 3-4 business days in advance of the next meeting.

In conclusion, APS supports the expedited timeline and thinks it is critical to the success for Markets +. APS will monitor and participate in the progress of unique items to Markets + through the governance structure to have enough clarity to decide on Markets + participation in or around the time of the tariff filing. APS also re-iterates the desire to have clear timelines on any items that, by agreement of the participants, are left unresolved at the conclusion of Phase 1.

# BONNEVILLE POWER ADMINISTRATION

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Bonneville would like to offer the following feedback regarding SPP's proposed accelerated timeline for phase 1 of Markets+.

Bonneville commends SPP for listening to stakeholders and significantly accelerating phase 1 activities to arrive at a path where Markets+ implements in quarter four of 2026. Bonneville looks forward to engaging in this effort.

Bonneville supports SPP's decision to begin market design conversations with boilerplate language, as the most efficient way to launch the market design and help focus the attention to the most important issues for stakeholders. Bonneville would like SPP to identify proposed boilerplate language as soon as possible so it can begin an evaluation of the tariff's workability in the day ahead market context. All of the initial focus items SPP has identified for stakeholder consideration are significant to Bonneville.

During Phase 1, we encourage SPP to:

- Share as much context and background as possible on each focus item prior to commencing stakeholder conversations.
- Maintain a living document of issues and topics for each focus item. We believe this approach will provide stakeholders with a place to locate information, track discussions, and help facilitate the ebb and flow of additional subject matter expertise as the conversations and market design progress.
- Share a list of postponed topics on SPP's Markets+ website (including when postponed items are anticipated to be addressed (e.g. phase 2, or post go-live)).
- Be as flexible as possible and conduct periodic reviews of the nine-month timeline and the progress to date of the market design.

During the March 2nd webinar, SPP proposed a six week cadence of face-to-face meetings. Bonneville supports a cadence of meeting every six to eight weeks. We urge SPP to continue to rotate the locations of face-to-face meetings throughout the West.

Bonneville looks forward to beginning the expedited phase 1. We encourage SPP to share workgroup and task force charters in advance of April 1st so that Stakeholders can: 1) begin to identify participants for the respective groups and 2) begin to gain a clear understanding of the scope of each group. Lastly, we are mindful of the demands the work group schedule will place on participants and stakeholders. We encourage SPP to propose a coordinated schedule for work

groups that balances times and locations for work group sessions that is efficient for effective participation by interested parties.

# NV ENERGY

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NV Energy appreciates the opportunity to comment on the updated proposed schedule for Markets+ presented by the SPP team March 2, 2023. Now that critical mass has been achieved and the tariff development work will move forward, NV Energy hopes that other entities choose to join this important initiative. Beyond the funding parties, it will be important to obtain perspectives from regulators and other stakeholders throughout this process.

NV Energy supports the expedited Phase 1 timeline. It is no secret that another day ahead market initiative is moving forward in the West. NV Energy wants to enable management and Nevada regulators to make well-informed, timely decisions regarding any expanded organized market opportunities, consistent with potential increased customer benefits and the requirements of SB 448. Towards those objectives, NV Energy recognizes that SPP Staff will need to take a lead role in developing drafts. We support the use of “boilerplate” market design features where possible, noting that it may be important to consider specific Western issues associated with Northwest hydro, Desert Southwest gas utilization, and potentially other factors, to ensure a workable design.

We agree with SPP’s intention to focus on unique Markets+ design elements: (1) GHG pricing and accounting, (2) transmission usage charge and capability, (3) congestion rent allocation, (4) WRAP/must-offer design and interactions, and (5) an aggregate hydro model. We believe that any discussion regarding virtual bidding can be deferred until after Markets+ is operational and additional data is available.

With the expedited schedule comes the realization that not all market design features may be available on Day 1. Moreover, all new markets come with the expectation that actual operations will identify needed reforms. It will be important for SPP to identify a scope, budget and schedule for additional market design features to support decision making by entities regarding participation in future phases.

Regarding the stakeholder process. SPP’s Slide 12 identifies a Transmission Work Group, a Reliability Work Group, a Market Design Work Group, a WRAP Task Force and a Congestion Hedging Task Force. This seems unnecessarily complicated for development of the tariff. The Market Design Group should address WRAP coordination as it is the foundation of resource sufficiency. There is no need for a separate Reliability Working Group as these are core concerns of the Transmission and Market Design Groups. Moreover, there is likely to be considerable overlap between the personnel on the Transmission Work Group and the Congestion Hedging Task force such consolidation may be appropriate. NV Energy would support a separate task force to examine GHG issues.

Finally, SPP has requested feedback regarding the in person and virtual proposed meeting cadence. NV Energy supports the proposed quarterly or bimonthly in person meeting cadence with a call-in option for individuals to be able to participate on a virtual platform when unable to

travel. More frequent in person meetings may make it difficult for individual stakeholders to be able to participate. Additionally, SPP proposed a virtual workgroup meeting cadence of biweekly or monthly meetings. As noted above, NV Energy supports a more consolidated work group structure to ensure that stakeholders can participate in all topics of interest. With a more consolidated work group structure, NV Energy believes it would be appropriate to meet biweekly. Given the numerous Western market activities taking place in 2023, NV Energy believes that there should be more flexible rules regarding attendance and use of substitute representatives if a participant's primary appointee is unavailable. A participant should be able to substitute another individual from the participating entity without the need to notify the chair and that substitute should have all of the voting rights and count for purposes of determining a quorum the same as the primary representative.



# POWEREX CORPORATION

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SPP Markets+ Team,

Powerex appreciates the opportunity to comment on SPP's March 2, 2023 Markets+ update call.

Powerex strongly supports SPP's proposal to accelerate the development of Markets+. Time is of the essence as entities seek to evaluate the market platform that can best support their long-term reliability, economic and environmental objectives. The recent funding commitments made by a broad and diverse mix of entities across the west illustrate the strong desire to move quickly to complete the Markets+ design and tariff filings as soon as possible.

Powerex supports SPP's proposal to expedite phase one by bringing draft tariff language to the working groups for review instead of asking stakeholders to start from scratch. This approach will allow Markets+ to leverage SPP's existing market design and documentation for many of the elements that are typical across most organized markets, while allowing more time and effort to be spent on key areas unique to the west and Markets+. Importantly, this approach is made possible by the Markets+ governance structure that will ensure that all market design choices—including determining which design elements can be adopted from other SPP markets and which will require unique solutions for the west—will be driven by western stakeholders and approved by a fully independent body.

Powerex generally supports the initial list of key topics that SPP proposed to focus on during phase one, including GHG pricing and reporting, transmission availability, congestion rent allocation, WRAP/must offer design, aggregate hydro modelling, and virtual bidding. Powerex also looks forward to refining the list as phase one progresses. For example, Powerex believes other important topics include developing the details of a conduct and impact market power mitigation framework, and incorporation of the FERC-approved 'Hydro DEB' approach for setting the default cost/reference price for hydro resources in Markets+. The treatment of other use-limited resources will also be an important topic for the footprint.

Lastly, Powerex believes that increasing the cadence of in-person meetings to every 6-8 weeks will enable more progress at a faster pace. Powerex has been consistently encouraged by the collaboration achieved during the in-person sessions and believes these are the best forums to continue to find consensus. To minimize travel burden, meetings should rotate through key western hubs such as Portland, Phoenix, and Denver, and these meetings should support virtual participation.

Powerex looks forward to participating in SPP's stakeholder process over the coming months to meet this accelerated timeline and appreciates SPP's efforts to meet the needs of the west.

Sincerely,  
Connor Curson  
Trade Policy, Powerex Corp.

# PUBLIC GENERATING POOL (PGP)

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## OPENING REMARKS

Public Generating Pool (PGP) is a trade association representing 9 consumer owned utilities in Oregon and Washington, who own and operate their own resources in the Pacific Northwest and purchase large portions of the BPA system output. PGP anticipates that at least two of its members will fund Phase 1.

PGP is supportive of the updated timeline and is interested in working through some of the practical implications of an accelerated timeline with other stakeholders and participants as well as SPP staff. PGP has a few recommendations to ensure ongoing feasibility of the timeline and to facilitate a successful stakeholder process.

## WORKING GROUP STRUCTURE

PGP generally supports the proposed structure for the working groups and task forces, and looks forward to the additional documentation of the roles of each group that may be developed in the charter development phase. While seeking participants and nominations for the working groups and task forces, any additional documentation on the scope of topics for each would support stakeholders in appropriately staffing and prioritizing the groups, especially given the accelerated timeline. PGP does have some questions regarding the topics covered in each stakeholder group. For example, why is the congestion rent task force in the Market Design working group rather than the Transmission working group? Or why is the WRAP and M+ Task Force part of Seams instead of part of the Reliability working group? Does it matter given how the voting is expected to work and how the working groups and tasks forces will be populated? As documentation is developed for these groups and taskforces, these questions should be addressed.

PGP also notes that the scope of the Market Design working group may be too large for the new timeline, and that it may be worthwhile to explore the potential benefits of breaking it into smaller topic-oriented groups to enable better coverage.

## TRANSPARENCY

PGP values processes that enable stakeholder engagement to occur in a transparent and inclusive manner. PGP also supports the encouragement of frank and open dialogue and active attendance and participation in any stakeholder process. Given these values, we appreciate that there are tradeoffs to consider regarding the pros and cons of recording stakeholder meetings. For certain entities that may deal with staff challenges or changes during the engagement process, and/or the increased potential for meeting conflicts given the timeline proposed, the

recordings and added transparency may also improve efficiency and support the ability for Markets+ to stick to the proposed updated development timeline. If recordings are not provided, improvements to the website, enhanced level of detail for the powerpoints and other materials provided, and meeting minutes may be required to provide adequate information into the process for stakeholders to effectively participate.

The MPEC should weigh these tradeoffs for the Markets+ Phase 1 development and decide if recording of working groups and potentially task forces is warranted for the Markets+ process. PGP recommends the MPEC covers this topic as soon as feasible.

## **SCOPE**

PGP supports the proposed process of identifying boilerplate segments of the tariff to take directly for Markets+, but given the interrelated nature of many market design aspects, it may be a more effective starting place to have all stakeholders review the boilerplate language, ask questions, and embark on the working group process with a shared understanding of the starting place.

## **INTERIM MIP**

PGP supports the proposal to appoint three current SPP board members to serve on the role of the MIP through Phase 1. However, more information would be helpful regarding how any potential seams may be negotiated between the SPP RTO East (or West) and Markets+. At this point we assume that there will be a negotiated outcome between the M+ and the SPP RTO that introduces an actual or perceived conflict if cost/benefit or reliability tradeoffs must be made to manage the seam. PGP recommends the MPEC examines these potential issues in advance of any seams work to find ways to reduce the risk of perceived or actual conflict in these areas.

## **STAKEHOLDER PROCESS**

The proposed modified timeline will require a concerted effort from all stakeholders. While looking forward to participating in SPP's member-driven process, PGP recommends additional documentation and monitoring processes may be needed to ensure that the process is transparent and that participants are able to meaningfully weigh in and have their feedback incorporated in such a way that will support consensus or near-consensus proposals. Hiring consultants to facilitate working group and task force dialogue is one idea to accomplish this. Providing ease of access to any written documentation, meeting notes or minutes, any written comments received, etc. will also aid in ensuring participants are able to keep up with the pace of the process.

## CONCLUSIONS

PGP supports the progress made to date and looks forward to continuing to engage in the market design process.

# PUGET SOUND ENERGY (PSE)

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On March 2nd, 2023, the Southwest Power Pool (“SPP”) issued its Markets+ Phase 1 expedited timeline proposal. The proposal explains how SPP will manage scope reductions in order to move the Markets+ Go Live to 2026 instead of 2028. It also proposes to form stakeholder workgroups to address issues identified in the service offering. Puget Sound Energy (“PSE”) respectfully submits the comments below in response to SPP’s March 2nd proposal.

PSE supports SPP's proposal to expedite the Markets+ timeline. Though PSE understands timeliness is important for Markets+ to go live in 2026, we suggest establishing a clear and transparent roadmap so that stakeholders can track the development of market design elements. The CAISO's buildout of EDAM necessitated more than a year of stakeholder workgroups to add day-ahead elements to an existing structure. Building a market from the ground up could be significantly more time-consuming so a clear roadmap is critical.

PSE also suggests SPP record the workgroup meetings and produce a more user-friendly, intuitive document organization taxonomy which will be vital for PSE, its regulators, and all stakeholders. It will also be critical for SPP to obtain and thoughtfully consider the perspectives from those regulators in the market design process. Reiterating the comments of other stakeholders, PSE asks that SPP post meeting materials and proposals to be discussed with as much advance notice as possible to allow for productive work sessions. PSE believes clear and well-timed communication, transparency, and improved documentation processes will greatly help keep workgroups in alignment with SPP’s proposed timeline.

PSE supports the approach SPP staff proposed in its March 2, 2023, Phase 1 Update, delineating a plan for reducing scope to meet the expedited market development timeline. SPP proposed to reduce scope by leveraging boilerplate market design structures already in existence in other markets and focusing on design elements unique to the SPP proposal – GHG pricing and accounting, transmission usage charge and capability, congestion rent allocation, Western Resource Adequacy Program (WRAP) must-offer design and interactions, aggregated hydro model, and virtual bids/offers effective date. It also proposed to delay day-ahead market design “Option 2”, long-lead resource economic commitment logic, and any other items that come up in the working groups.

PSE appreciates this opportunity to comment on the proposal and looks forward to additional development of the concepts put forward by SPP in this market design.

# SNOHOMISH COUNTY PUD

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Snohomish appreciates SPP's efforts to identify ways to expedite the timeline in response to Stakeholder feedback. Snohomish shares a desire to move quickly, is not opposed to the proposed approach, and plans to commit resources to ensure we are able to meaningfully participate. We also recognize that moving from the November Design Document, with multiple complex policy areas still open, to final tariff language in 9-12 months will be a momentous task for all involved. While moving expeditiously is important, getting the market design correct is paramount. To that end, assuming that we move forward with the revised timeline, Snohomish recommends that SPP and Phase 1 participants build-in some check-in points to ensure that we are comfortable that the timeline is still appropriate and that we are not sacrificing quality for speed.

Snohomish would find it useful to see a more detailed proposed expedited timeline for Phase 1 in one of the next two workshops prior to the Denver meeting to better understand when key activities will occur and how it all will fit together. Some activities that would be useful to see working windows and/or deadlines include:

1. Review and potential modification of "boilerplate" tariff language
2. Policy discussions and decisions from items left open in the November Design Document and items unique to Markets+
3. Development and review of tariff language associated with #2
4. Development and review of market protocols
5. Any other activities required in Phase 1
6. Approximate MPEC meeting dates linked to decisions on items 1-4

# SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT (SRP)

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Salt River Project Agricultural Improvement and Power District (SRP) appreciates the opportunity to submit the following comments on information Southwest Power Pool (SPP) shared during the March 2 Markets+ Update.

## EXPEDITED TIMELINE

SRP supports the expedited timeline SPP proposed for Phase 1 and the use of “boilerplate” market design elements that are well established and not unique for the west.

## SCOPE MANAGEMENT

SRP agrees with the proposal to focus stakeholder engagement on design elements that are unique to Markets+. In addition to the elements SPP identified during the March 2 Update, SRP recommends including the following topics, which are also unique for Markets+:

- Desert southwest gas utilization
- Seams/market-to-market coordination

For items that are postponed to a later phase of development, SRP requests that SPP provide a timeline that includes specific dates these topics will be addressed. As stakeholders are deciding on which items to postpone, it will be important to have a clear understanding and agreement on when they will be considered.

## IN-PERSON MEETINGS

SRP agrees that an increased frequency for in-person meetings will be valuable for accelerating the timeline and appreciates SPP’s consideration to rotate meeting locations between multiple cities. SRP would like to help accommodate this by offering our PERA Club facilities for meetings.

SRP recognizes the value of in-person meetings but understands the proposed timeline will be challenging for SPP and for stakeholders. SRP supports hybrid options for most meetings to encourage robust participation and mitigate resource challenges.

# WESTERN RESOURCE ADVOCATES, SUSTAINABLE FERC PROJECT AND RENEWABLE NORTHWEST (JOINT COMMENTS)

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Western Resource Advocates (WRA), the Sustainable FERC Project (S-FERC) and Renewable Northwest, the “Joint Commenters,” appreciate the opportunity to provide comments to the Southwest Power Pool (SPP) on the Markets+ Phase One Plan, as represented in the March 2 and March 16, 2023 presentations.<sup>1</sup>

## **A. We do not support the expedited Phase One timeline as proposed.**

SPP proposes to condense the Phase One timeline from 21 months to nine months. Pursuant to this plan, SPP would file the Markets+ tariff in late 2023 or early 2024. The key to executing this new plan is to copy SPP’s RTO tariff language wherever possible and postpone some issues, i.e., not include them in the first FERC filing. SPP also proposes to develop the market protocols<sup>2</sup> while the Markets+ tariff is under review by FERC, i.e., before SPP has an approved tariff. In addition, the process as proposed includes the establishment and operation of three working groups and five task forces in Phase One, each composed of approximately 12 people. This is in addition to the Markets+ Participants Executive Committee (MPEC), the Interim Markets+ Independent Panel (IMIP) and the Markets+ States Committee (MSC). This will be a staff intensive process and will require extra support to ensure stakeholders are able to participate responsibly and the resulting work product reflects a durable market design. The expedited schedule does not include two key elements of the process: 1) the approval process in SPP, Inc.; and 2) the role of the MSC.

In terms of the work that needs to be accomplished in Phase One, it is confusing to call Phase One “tariff development.” Typically tariff development, translating policy into legal tariff provisions, occurs after the policy has been resolved. There are a number of significant Markets+ policies still unresolved. See, for example the issues identified in slides 11-13 of the March 2

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<sup>1</sup> Southwest Power Pool, Markets+ Update, March 2, 2023, available at: <https://www.spp.org/documents/68917/phase%20one%20update%2020230302.pdf>; Southwest Power Pool, Markets+ Update, March 16, 2023, available at:

<https://www.spp.org/documents/68966/phase%20one%20update%20governance%2020230310.pdf>.

<sup>2</sup> “Protocols” are the SPP equivalent of CAISO’s Business Practice Manual (BPM).



Markets+ Update Presentation.<sup>3</sup> Presumably, timeliness was a key objective when SPP carefully considered the 21-month schedule. However, based on “requests for an expedited phase one timeline,”<sup>4</sup> SPP is proposing to shorten the schedule by 12 months. Given the number of policy issues that still need to be resolved<sup>5</sup> and the true stage of the development process, we are concerned that nine months is not a realistic goal and that the date will drive the scope and quality of the tariff filed, i.e., the Markets+ market design.

SPP also stated at its March 2 meeting that it intends to use existing SPP tariff language to shorten the development timeline, even in areas where that language differs from what is outlined in its final design proposal. While some of the existing language may be relevant and useful, SPP should not disregard elements of the design proposal simply to speed the process up. As evidenced by the numerous work groups, task forces, and outstanding issues, there are a number of characteristics in the West that differ from Eastern markets, which may justify a more prolonged timeline than nine months.

The Joint Commenters support and advocate for increased regional coordination and the expansion of organized markets in the West. This is the key to meeting state clean energy policies and lowering costs for rate payers. We do not object to an ambitious plan. However, we do not agree that this should come at the expense of a complete and thoroughly reviewed tariff filing or the transparent, full and effective stakeholder process necessary to achieve a durable market design.

SPP proposes to postpone some issues to a later date and file a tariff at FERC that does not include these issues. The March 2 Markets+ Update Presentation includes two issues they propose to defer from the outset and a third category --other items that may be identified during the market design review.<sup>6</sup> It is not clear what process was used to identify the two issues SPP is proposing to defer or who was involved in that process. We are concerned about issues that are not being considered “critical components” and would be postponed to Phase Two and not included in the first FERC filing. These should be carefully considered. Further, we are

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<sup>3</sup> See also, *Joint Comments on SPP Markets+ Draft Service Offering (Sept. 30, 2022) Governance and Market Monitoring Sections, 6-7*, October 28, 2022, included in the Combined Comments document at 24-25, available at:

<https://www.spp.org/documents/68173/markets%20plus%20draft%20service%20offering%20comments%20combined.pdf>, (“Joint Comments on Draft Service Offering”)

<sup>4</sup> March 2 Markets+ Update Presentation, slide 7.

<sup>5</sup> For examples of some of the unresolved issues see, e.g., *Id.*, slide 11 (GHG pricing and accounting, transmission usage charge and capability, congestion rent allocation, participation model for hydro resources); *Joint Comments on Draft Service Offering* at 6-7 (pages 24-25 of the Combined Comments Document) (SPP, Inc.’s, oversight authority; joint issues (market design proposals that impact both Markets+ and SPP, Inc.), both defining the scope of joint issues and articulating how they will be addressed; and better defining the procedures for addressing disputes between the MIP and SPP, Inc. under different circumstances).

<sup>6</sup> March 2 Markets+ Update Presentation, slide 14.

concerned that the list of noncritical issues will grow and that this will be the result of trying to meet a nine-month timeline rather than the objective application of a thoughtful standard.

**Plan B.** If SPP decides to adopt the nine-month expedited schedule, SPP should have a Plan B for Phase One in the event that resolving some of the policy issues takes additional time. As stated above, we do not support Plan B being the deferral of hard to resolve issues to a Phase Two. Further, we recommend that SPP adopt some metric or indicator that provides a signal that the expedited process is producing the desirable work product – a durable market design that does not reflect just the preferences of a few large participants. For example, monitor and analyze votes to evaluate the degree of consensus on issues or if there is consistent opposition by certain sectors or coalitions. Consider including in this evaluation comments by nonparticipant stakeholders as well.<sup>7</sup>

**Market Protocols Development.** SPP also proposes to develop the market protocols while the Markets+ tariff is under review by FERC, i.e., before SPP has an approved tariff. We are concerned this is an inefficient use of resources. The tariff may be challenged at FERC and FERC may, on its own initiative, find deficiencies that require significant changes to the tariff. This may be more likely if the expedited process does not provide for the full vetting and analysis of proposals. We recommend that the development of market protocols is scheduled after the tariff is approved by FERC.

**Clarification of Review and Approval Process.** We would have more confidence in the accuracy of the Phase One timeline if there was a clear understanding of the review and approval process. For example, will each issue from the working groups and task forces go to the MPEC for a vote on its own timeline? Do proposals from task forces go to a working group for approval before going to the MPEC? What is the process if the MPEC does not approve a proposal? What authority will the MSC have and where do they enter the process? What is the process if the MSC objects a proposal?

To this end, the Joint Commenters also request that SPP provide a schematic that graphically illustrates the stakeholder and decision-making process. In other forums, such as the Western Power Pool's WRAP, a schematic has proven to be a useful tool to better understand the stakeholder and decision-making process.<sup>8</sup> We have requested this previously.<sup>9</sup> It would show the flow of the decision-making process through all of the relevant organizational groups with enough information to understand how decisions are made and the role of stakeholders and the

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<sup>7</sup> "Nonparticipant stakeholders" are those engaged in the process but who have not executed an SPP Markets+ Participant Agreement.

<sup>8</sup> *E.g.*, NWPP Resource Adequacy Program – Detailed Design, at 43-44 (July 2021) available at: [https://www.westernpowerpool.org/private-media/documents/2021-08-30\\_NWPP\\_RA\\_2B\\_Design\\_v4\\_final.pdf](https://www.westernpowerpool.org/private-media/documents/2021-08-30_NWPP_RA_2B_Design_v4_final.pdf).

<sup>9</sup> Joint Comments on Draft Service Offering at 7 (page 25 of the Combined Comments Document).

organizational groups in that process. It is difficult to clearly understand the stakeholder and decision-making process through only a narrative.

**B. We recommend that SPP's Market Monitoring Unit (MMU) or an independent expert, possibly both, have an explicit and substantial role in the development process.**

SPP is entering the Western Interconnection to offer a new market product that will require the trust and confidence of all stakeholders- market participants with assets, public interest and clean energy advocates, consumer and ratepayer entities and utility regulators. If all of the entities that signed Markets+ Phase One participant agreements as of March 9 become participants in Markets+, this will represent more than 250 TWh of annual load and approximately 40 GW of aggregate peak load.<sup>10</sup> The Markets+ footprint will include five western states and one province and it is expected that the list of participants will grow by the April 1 deadline. This is a substantial undertaking. Yet, the Phase One Plan has no provision for a technical review or analysis by an independent evaluator. As an example to reflect on, in the CAISO EDAM development process two entities provided technical evaluations of proposals throughout the process, the Department of Market Monitoring and CAISO's Market Surveillance Committee. These two entities and a third entity, the EIM Governing Body's Independent Expert, provided an analysis of the final design. We are not suggesting that three entities are necessary for an adequate review of the Markets+ design, however, we highly recommend one or possibly two, SPP's MMU and/or an independent expert.

We recommend the Phase One plan include a well-defined and substantial role in the Phase One development process for the MMU and /or an independent expert. This role should include, but not be limited to:

- attending and participating in meetings,
- reviewing and analyzing proposals, including the Phase One tariff,
- providing technical analysis as needed on specific questions,
- providing public comments verbally in meetings and in written analyses.

**C. We make the following specific recommendations for the stakeholder process.**

As described above there will be three working groups and five task forces operating in parallel along with the MPEC, IMIP and MSC. Further, multiple design efforts are underway in the Western Interconnection and many stakeholders, such as public interest organizations, have limited resources. Stakeholder processes should not only assist stakeholders in their efforts to be educated and informed, but also encourage this.

We are pleased that SPP has committed to all meetings being open and all voting being public and on the record and that SPP will apply the standards and procedures included in the

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<sup>10</sup> March 2 Markets+ Update Presentation, slide 4.

governance sections of the Service Offering,<sup>11</sup> such as 15 days advance written notice of meetings for all Markets+ organizational groups<sup>12</sup> and posting agendas seven days prior to meetings for the IMIP and MPEC.<sup>13</sup>

Given the aggressive schedule SPP is proposing, it is even more important to include additional steps to ensure true transparency and that stakeholders can intelligently and effectively engage in the process. We have included these suggestions in prior comments and continue to advocate for these policies:<sup>14</sup>

- Apply the standard of posting meeting agendas seven days prior to meetings to all Markets+ organizational groups (not just the IMIP and MPEC);
- For all Markets+ organizational groups, post meeting materials at least five business days prior to meetings and ten business days prior to meetings for more significant or complex documents;
- Provide a sufficient period of time to develop comments on work products;
- Provide virtual access to all meeting;
- Record all meetings and provide access to the recordings on a public website;
- Maintain a well-organized and easy to use website with up-to-date information;
- Provide a user-friendly application to submit and review stakeholder comments; and
- Include in written proposals summaries of stakeholder comments and the basis for the recommendations made in the proposals.

These resources and policies will help enable stakeholders in such a condensed process to track the progress of Markets+. Further, these recommendations should not be viewed as burdensome or unreasonable. At least one market operator, the CASIO, takes these measures.

**D. We do not support any overlapping meetings of the Markets+ organizational groups and recommend giving priority to diversity of membership.**

As represented in the March 16 Markets+ Update Presentation, SPP is proposing to have three working groups and five task forces established and operating in Phase One.<sup>15</sup> This is in addition to the MPEC and the MIP. One option being considered is to have these groups conduct meetings at the same time. We do not support this option. Few, if any organizations, will have separate staff assigned to each Markets+ organizational group (whether as a voting member of the group or participating as a general stakeholder). Further many organizations have limited resources and are spread thin, including SPP staff. The opportunity to participate in real time provides participants the means to enter and influence the conversation and ask questions to

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<sup>11</sup> *A Proposal for Southwest Power Pool's Western Day-Ahead Market and Related Services*, November 30, 2022, available at: <https://www.spp.org/documents/68340/spp%20markets%20plus%20proposal.pdf>, ("Service Offering").

<sup>12</sup> Service Offering §2.3.2.4 (MIP), §2.3.3.1.3 (MPEC), §2.3.4.1.2 (working groups), §2.3.5.2 (task forces).

<sup>13</sup> Service Offering §2.3.2.4 (MIP), §2.3.3.1.3 (MPEC).

<sup>14</sup> *E.g.*, Joint Comments on Draft Service Offering at 7 (page 25 of the Combined Comments Document).

<sup>15</sup> March 16 Markets+ Update Presentation, slide 28.

ensure an accurate understanding of the issues and proposed recommendations. Given the pace suggested by the proposed schedule this is essential. Further, under the proposed expedited plan for Phase One, it will be a challenge for the Markets+ stakeholders to maintain a level of knowledge and information to participate responsibly in the process; having overlapping meetings will likely make this impossible for many organizations. Transparency requires a process that, in actuality, provides stakeholders the opportunity to engage in a meaningful way. At a minimum, the meetings should not overlap. In addition, we ask SPP to consider additional policies to support this condensed effort. (See section C.)

Pursuant to the Service Offering, SPP staff will solicit interest for Working Group and Task Force membership. Staff then recommends members to the MPEC and the MPEC approves the membership. The only selection criteria provided are expertise and geographic location.<sup>16</sup> We recommend that SPP staff and the MPEC prioritize diversity. This includes not only geographic diversity but also sector, subsector, perspective and experiential diversity.

**E. The following summarizes the Joint Commenters' recommendations.**

1. We do not support the expedited Phase One timeline as proposed.
  - a. SPP intends to use existing SPP tariff language to shorten the development timeline, even in areas where that language differs from what is outlined in its final design proposal. While some of the existing language may be relevant and useful, elements of the design proposal should not be disregarded simply to speed the process up.
  - b. We are concerned about issues that are not being considered "critical components" and would be postponed to Phase Two and not included in the first FERC filing. These should be carefully considered.
  - c. We are concerned that the list of noncritical issues will grow and that this will be the result of trying to meet a nine-month timeline rather than the objective application of a thoughtful standard.
2. If SPP decides to adopt the nine-month expedited schedule, SPP should have a Plan B for Phase One in the event that resolving some of the policy issues takes additional time. We do not support Plan B being the deferral of hard to resolve issues to a Phase Two.
3. We recommend that SPP adopt some metric or indicator that provides a signal that the expedited process is producing the desirable work product – a durable market design that does not reflect just the preferences of a few large participants. For example, monitor and analyze votes to evaluate the degree of consensus on issues or if there is consistent opposition by certain sectors or coalitions.
4. We recommend that the development of market protocols is scheduled after the tariff is approved by FERC.

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<sup>16</sup> Service Offering §2.3.4.1.1 (working groups), § 2.3.5.1 (task forces).

5. We recommend that SPP clearly articulate the review and approval process, including a schematic that graphically illustrates the stakeholder and decision-making process. Further, two key elements of the process not yet explained are: 1) the approval process in SPP, Inc.; and 2) the role of the MSC.
6. We recommend that SPP's MMU or an independent expert, possibly both, have an explicit and substantial role in the development process.
7. We recommend eight specific policies and procedures for the stakeholder process. (See section C.)
8. We do not support any overlapping meetings of the Markets+ organizational groups.
9. We recommend giving priority to diversity of membership on working groups and task forces. This includes not only expertise and geographic diversity, but also, sector, subsector, perspective and experiential diversity.

Regardless of the timeline, the Joint Commenters support the recommendations in these comments. However, if SPP decides to adopt the nine-month schedule, this would elevate the importance of the recommendations in these comments so to foster trust and constructive engagement in the design of first-ever day-ahead energy market by SPP in the Western Interconnection.

The Joint Commenters appreciate this opportunity to provide comments on SPP's Markets+ Phase One Plan.

*/s/ Alaine Ginocchio*

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# MARKETS



Phase One Update

March 30, 2023



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



SouthwestPowerPool



SPPorg



southwest-power-pool



Southwest Power Pool  
**WESTERN  
ENERGY  
SERVICES**

# TODAY'S AGENDA

Welcome

Condensed Timeline Review

Markets+ Real-Time Update

Seams

Next Steps for Launch

Questions



# CONDENSED TIMELINE REVIEW

# COMMENTS RECEIVED

- Support expedited timeline
  - APS, BPA, Powerex, PGP, PSE, Snohomish, SRP, NVE
- Do not support expedited timeline
  - WRA, Sustainable FERC Project, Renewable NW

# SPECIFIC ITEMS RAISED TO SPP AND PLAN TO ADDRESS

- Requested MMU involvement:
  - ✓ MMU staff are attending the external Markets+ meetings and can provide comments and feedback to SPP staff and/or stakeholders.
  - ✓ SPP staff is working with the MMU staff in addressing Markets+ tariff language.
- Progress metrics:
  - ✓ SPP staff will begin showing the overall progress of the project.
- Protocols written before FERC approval of tariff concern:
  - ✓ SPP staff will be drafting protocols after tariff approvals by governance. FERC review will also inform protocol drafting.
- Education on topics to be reviewed and language to be approved:
  - ✓ SPP staff will provide education on sections of tariff to be reviewed. For example, day-ahead market tariff language will be reviewed in tandem with education.

# SPECIFIC ITEMS RAISED TO SPP AND PLAN TO ADDRESS (CONTINUED)

- Clarification on specific design aspects (congestion rent allocation, seams, WRAP/must-offer obligation):
  - ✓ SPP staff will provide education during specific working group/task force meetings.
  - ✓ Markets+ Congestion Rent Task Force (MCRTF) will discuss congestion rent.
  - ✓ Markets+ Seams Working Group (MSWG) will discuss seams opportunities.
  - ✓ Markets+ Resource Adequacy Task Force (MRATF) will discuss WRAP obligations and impacts to the Markets+ footprint.
- Request to consolidate some of the WGs/TFs
  - ✓ SPP continues to review and evaluate the scope for each WG and TF for efficiency. For example, the Usage/Capability TF has been removed and added to Transmission Working Group.

# SPECIFIC ITEMS RAISED TO SPP AND PLAN TO ADDRESS (CONTINUED)

- Face-to-face meeting locations:
  - ✓ SPP is considering meeting at external locations as recommended by Markets+ stakeholders.
- Topics to be reviewed for each meeting available for early review:
  - ✓ SPP commits to post agendas and as many materials as possible prior to the next regularly scheduled meeting, consistent with governance process (one week ahead).
- Record meetings
  - ✓ Meetings can be recorded but are not posted on SPP.org. To access recording, email request to [marketsplus@spp.org](mailto:marketsplus@spp.org)

# SUMMARY

- SPP preparing expedited timeline for tariff drafting and a filing at FERC for the end of 2023/early 2024.
- SPP continues to explore how the phase two timeline can be condensed in coordination with phase one developments.

# MARKETS+ REAL-TIME UPDATE

# MARKETS+ REAL-TIME MARKET UPDATE

- Powerex approached SPP in November 2022 to explore establishing a real-time (RT) market for Markets+ ahead of the full launch.
- Potential benefits identified:
  - Expedite system implementation of Markets+ as well as Markets+ governance
  - Create a real-time foundation for adding Markets+
    - Incorporate unique West design items required in Markets+ “full” implementation
  - Enable entities to switch to Markets+ real-time option prior to full Markets+ implementation
- Potential concerns identified:
  - Project would need to be separate from Markets+ phase one because the Markets+ final service offering and phase one scope do not contemplate Markets+ RT only option
  - Possibility of SPP operating two separate RT markets



# MARKETS+ REAL-TIME UPDATE

- Activity since November:
  - SPP staff held several technical meetings with Powerex on its modeling and operations within the CAISO EIM
  - SPP staff explored how Markets+ RT timeline may impact Markets+ “full” timeline
  - Examples of ideas explored:
    - Drafting separate RT tariff and building separate Markets+ system foundation for real-time only participation
    - Adding Powerex to WEIS and building separate Markets+ system foundation by upgrading WEIS market and WEIS adopting Markets+ governance
      - Adding external resource technology to WEIS (similar to CAISO’s aggregate participating resource logic)
      - Adding hourly market transactional clearing to WEIS

# MARKETS+ REAL-TIME RECOMMENDATION

- Continue accelerated Markets+ phase one tariff efforts
  - Full Markets+ tariff for day-ahead (DA) and real-time (RT) markets filed late 2023
- Continue SPP investigation of accelerated Markets+ implementation of both DA and RT components for phase two
- Transition Markets+ RT market from a perpetual participation option to a staggered implementation option, which would be part of the full Markets+ phase two implementation
  - Extend parallel operations of DA components while RT components are live to reduce risk of full DA and RT cutover occurring at same time
  - Decision on details not critical to actions during phase one
    - SPP recommends MPEC vote on need/details near completion of phase one

# SEAMS

# SEAMS DOESN'T HAVE TO BE A NEGATIVE WORD

- Having more than one market option is a good thing.
- Effective seams management will require engagement with neighbors.
  - Market liaisons concept

Market operators should invite and encourage each other to actively follow and participate in each other's market design, development and administration processes



# MARKETS SEAMS WORKING GROUP (MSWG) PHASE ONE

- Interactions with WRAP
- Use of transmission system
  - What are the market's rights to use the transmission system?
    - Within Markets+ footprint (Transmission Working Group)
    - Across non-Markets+ seams?
  - Common use facilities/service flow constraints
- Pseudo-ties and dynamic schedules
  - Embedded entities
- Market operator functional seams
  - Market operator to market operator
  - Market operator to BA
  - Market operator to RC
  - Market operator to TSP
  - Market operator to TOP
- Electric-gas seams\*
  - DA market to gas-day timing

# MSWG POST PHASE ONE

- Market-to-market coordination
- Interconnection-wide congestion management process
- Market flows priority rules
- Market congestion management coordination with the unscheduled flow mitigation program

# BENEFITS OF WELL-MANAGED SEAMS

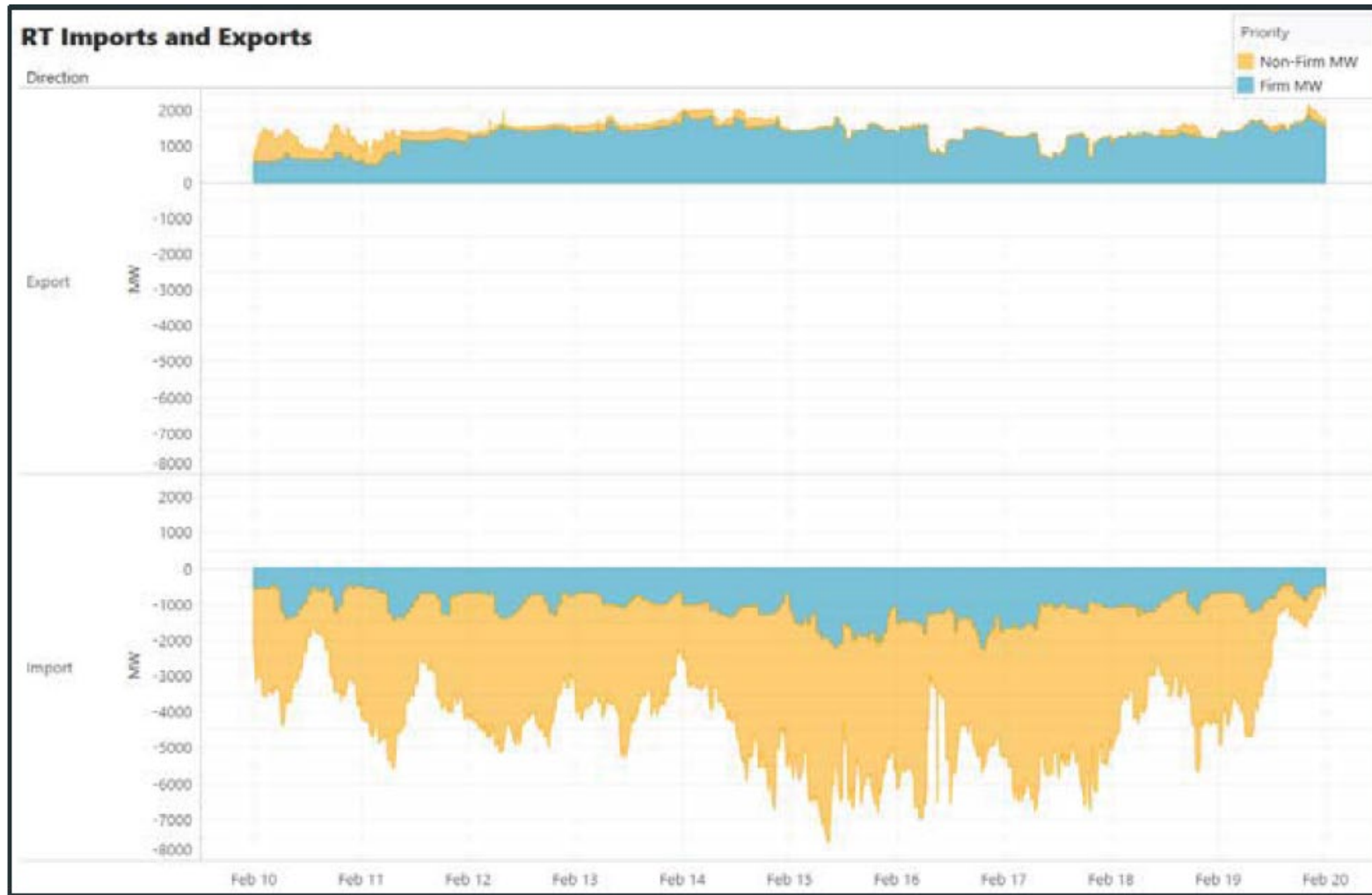
- Multi-market regions enable coordinated optimization between different market designs that match the unique needs of a region
  - Optimizes each region's systems
  - Enhances price formation
  - Enhances grid-wide reliability
  - Supports resiliency
  - Adds transparency across regions

# EXAMPLES FROM RECENT EVENTS

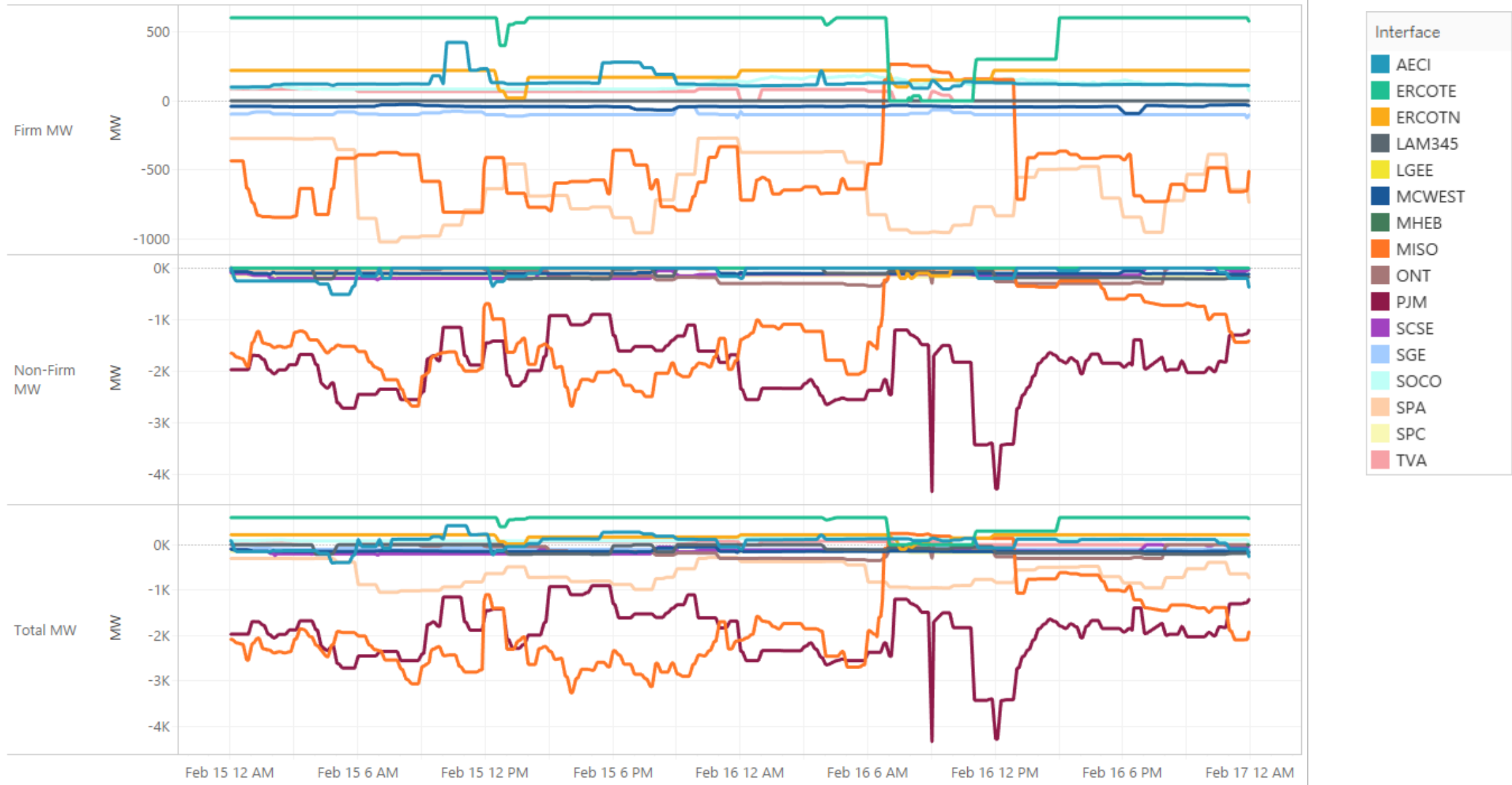
- Multiple organized markets in the Eastern grid provided mechanisms and price signals to facilitate and incentivize transfers of energy to support reliability and transparency between regions
  - Winter Storm Uri
  - Winter Storm Elliot



# SPP'S REAL-TIME IMPORTS AND EXPORTS – WINTER STORM URI

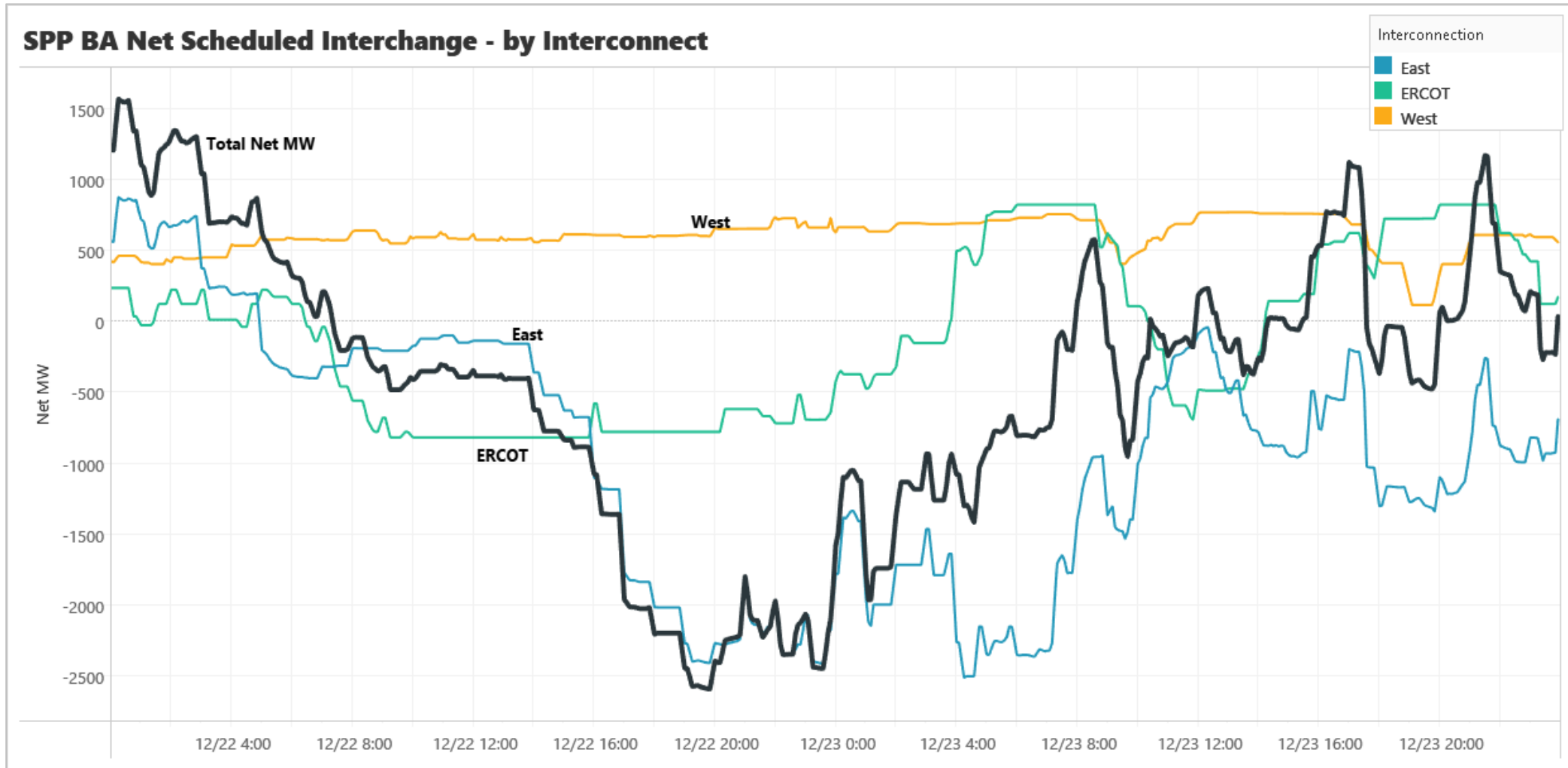


# RT Net Interchange by Interface



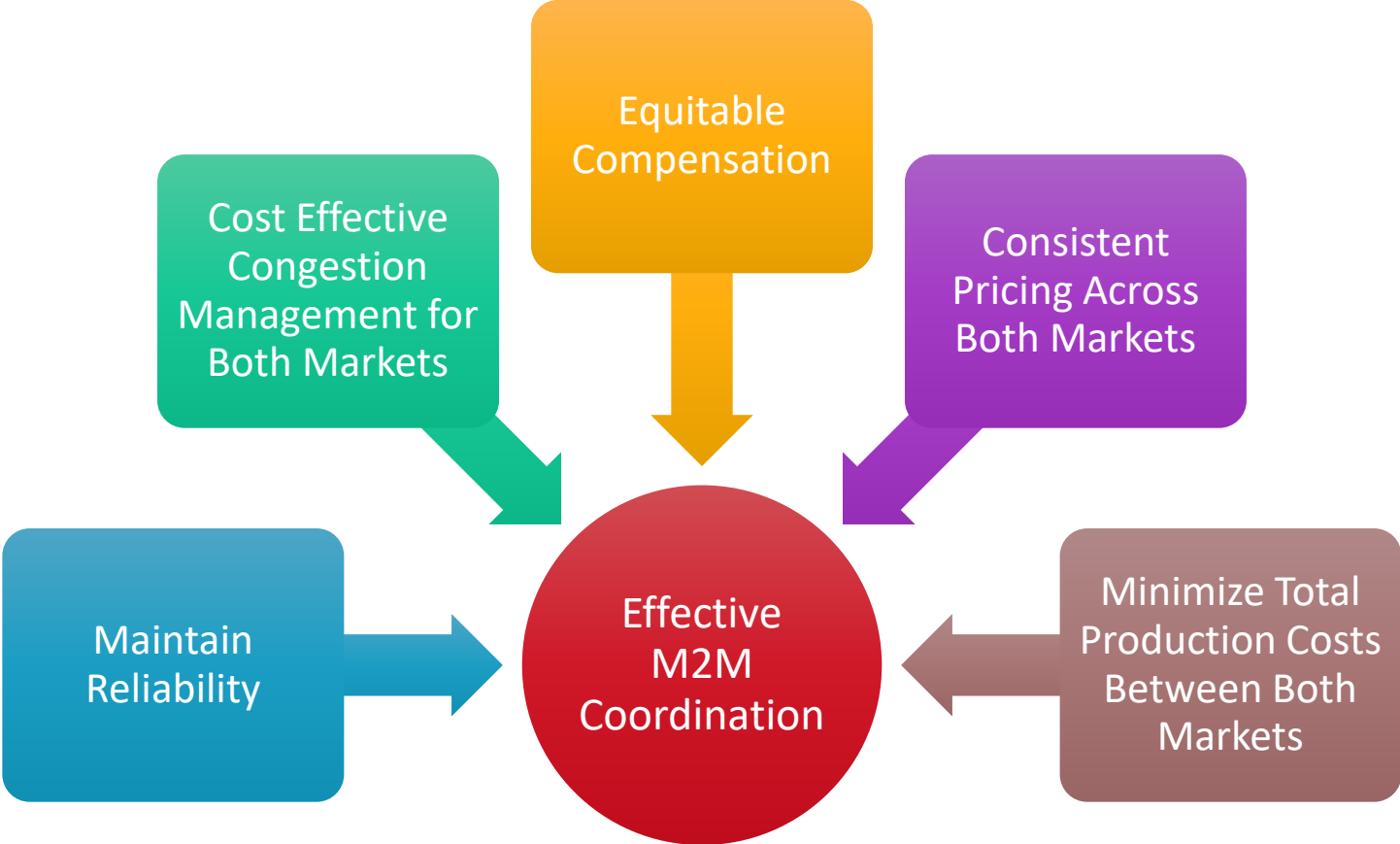
# SPP'S NET INTERCHANGE WINTER STORM ELLIOTT

SPP importing from Eastern Interconnection and exporting to Western Interconnection for SPP's worst part of the events

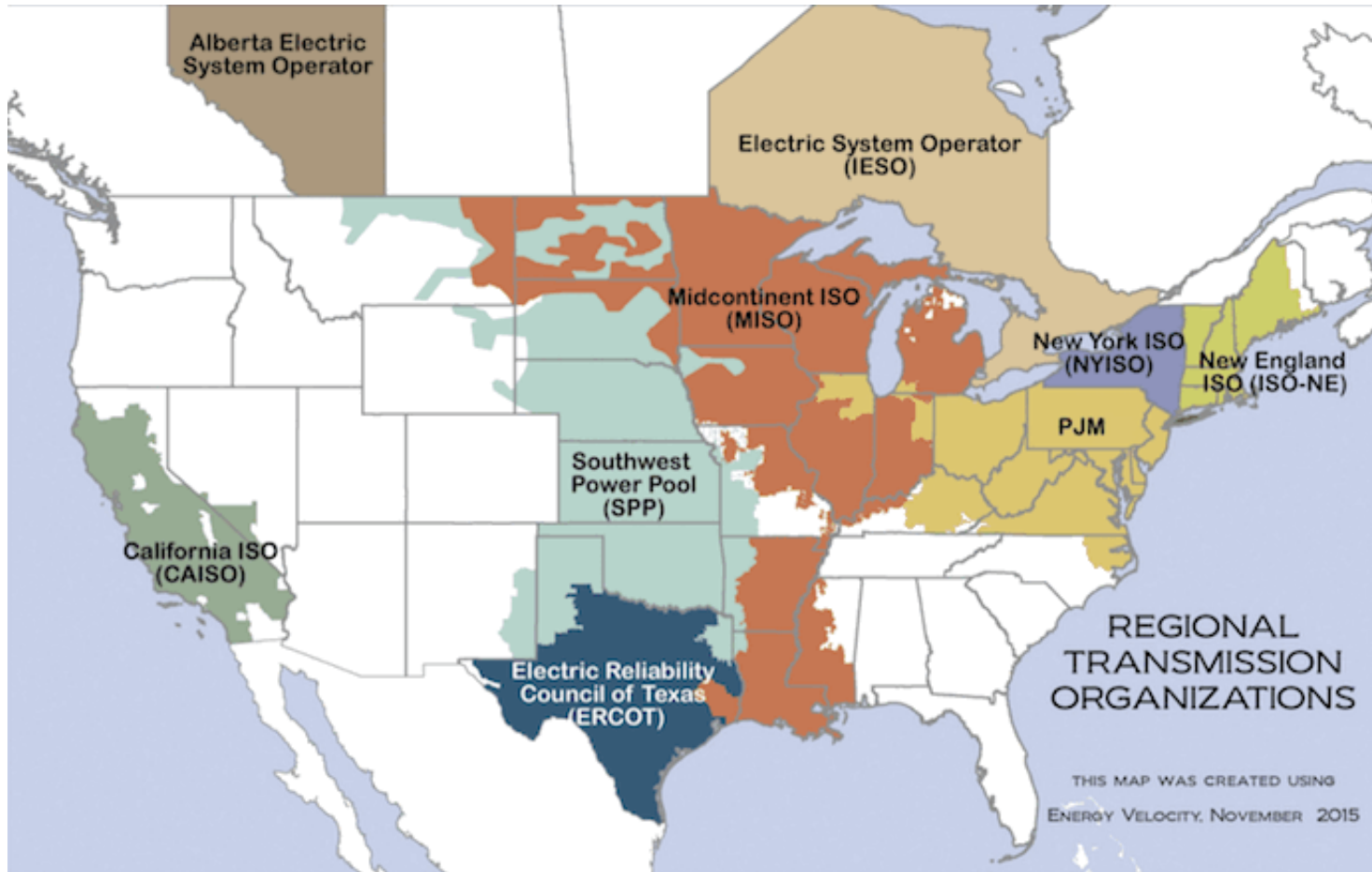


# WHAT IS MARKET-TO-MARKET?

## Objectives of market-to-market (M2M) coordination



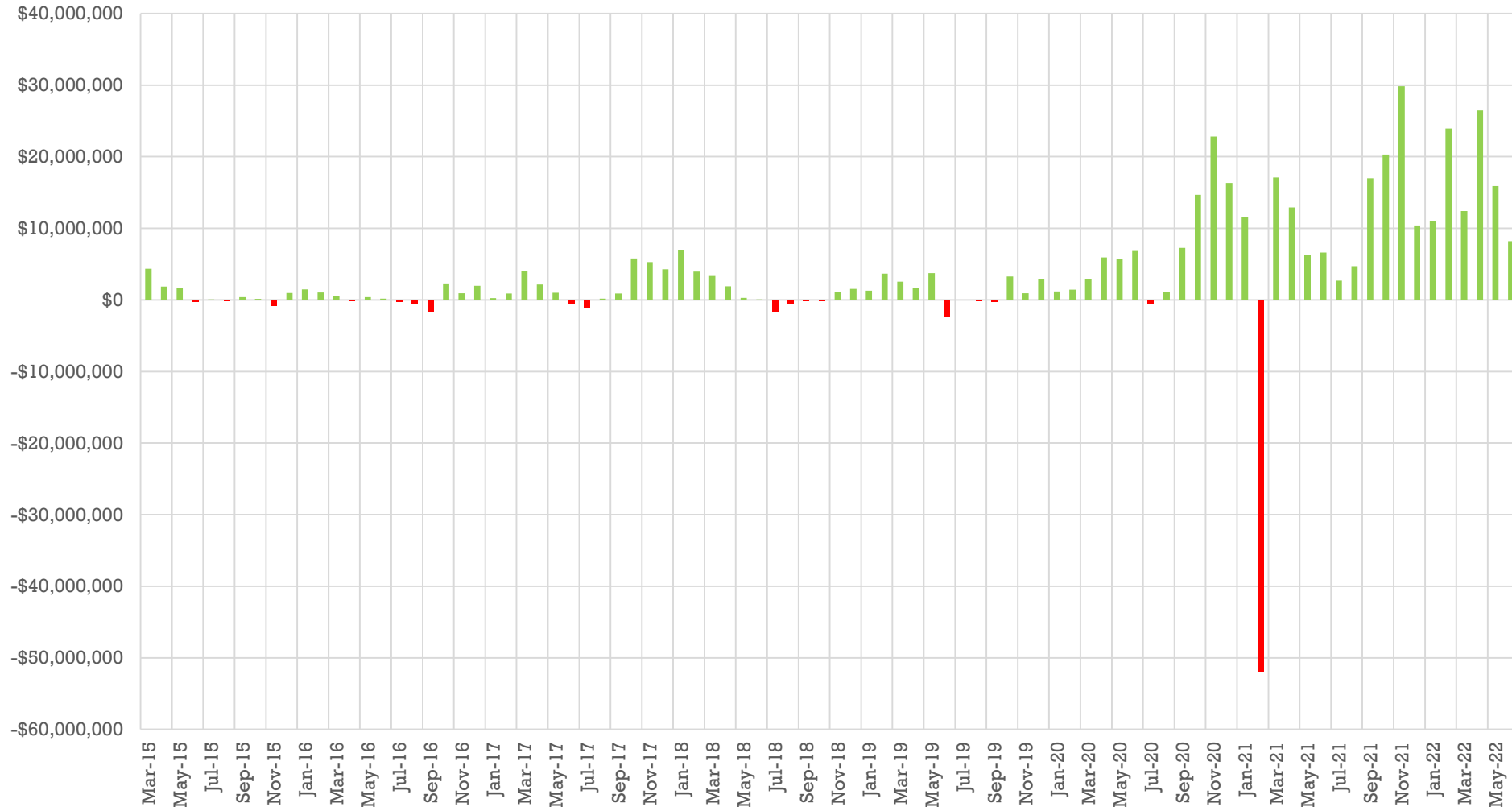
# SPP MARKET-TO-MARKET SEAM WITH MISO



- SPP launched its day-ahead market in 2014
- Added market-to-market coordination with MISO in 2015

# M2M HISTORY SUMMARY SINCE GO-LIVE: MISO PAYS SPP **\$341,874,248.15**

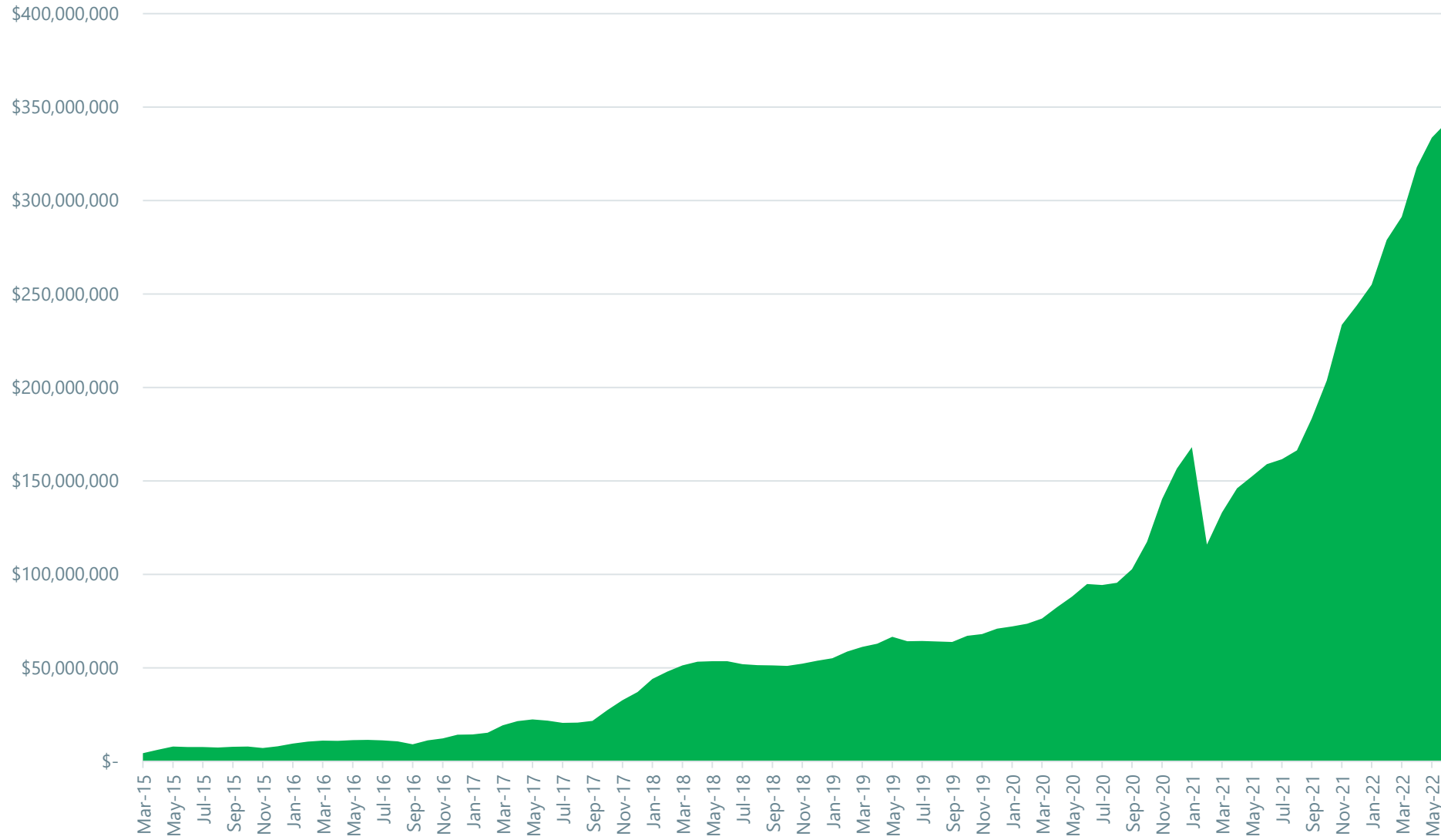
M2M Settlements since Go-Live



Note: Positive values are payments to SPP from MISO; negative values are payments from SPP to MISO.

# CUMULATIVE M2M PAYMENTS

Cumulative M2M Payments



# HOW IS M2M COORDINATION WITH SPP AND MISO DRIVING IMPROVEMENTS?

- M2M coordination has led to assessing opportunities for enhancing the transmission system along the seam.
  - Informing operations processes:
    - Unit commitments through day-ahead market activities
  - Informing planning processes:
    - Joint targeted interconnection queue (JTIQ) process
    - Targeted market efficiency projects (TMEPs)



# NEXT STEPS

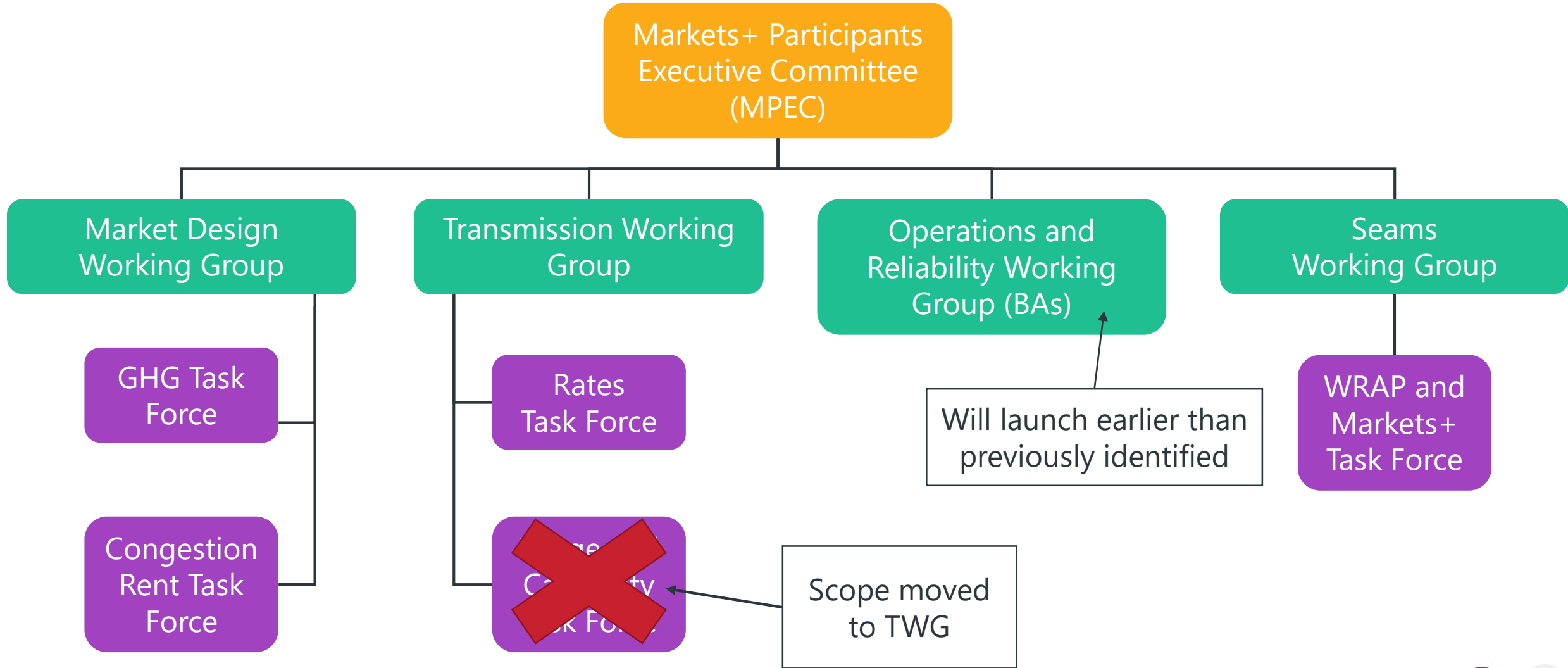
- Activation of the Markets+ Seams Working Group (MSWG)
  - Assess, educate and prioritize issues to address and activities to complete during phase one

# LAUNCH UPDATE

# NEXT STEPS FOR LAUNCH IN APRIL

- SPP continues to receive signatures from voting participants for phase one, with April 1 deadline.
- SPP is reaching out to participating parties to identify MPEC representatives from each organization.
  - *Requesting interest from voting participants for serving as chairs and vice chairs and/or participating in working groups/task forces*
- All chairs and vice chairs will be nominated and elected by voting participants of the applicable committee, WG or TF.

# WORKING GROUPS: PHASE ONE



# UPCOMING POSTINGS FOR CHAIRS, VICE CHAIRS, WORKING GROUPS AND TASK FORCES

- **Identification** of voting participants and assignments to sectors
- **Proposed** charters for MPEC, working groups and task forces will be posted
  - Charters include scopes of work, sector make-up and voting rules
- **Solicitation** of interest for MPEC, WG and TF chairs and vice chairs and participation on WGs and TFs
- **Requests** for comments and feedback on the charters and the roll out of the governance will be due April 6
- **NOTE:** Nominations and elections for MPEC chair and vice chair and voting on the charters will occur during the April 18-19 meeting.

# QUESTIONS?