

SOUTHWEST POWER POOL, INC.
Markets+ Resource Adequacy Task Force MEETING

Wednesday, August 2, 2023
11 a.m. – 2 p.m. PT | 12 p.m. – 3 p.m. MT | 1 p.m. – 4 p.m. CT
Virtual Meeting

Recording Link:

<https://mysppmeeting.webex.com/webappng/sites/mysppmeeting/recording/80695d6c138b103cbb3f0050568193b4/playback>

Password: MjgheKp7

MOTIONS & ACTION ITEMS

MOTION to approve a limited day-ahead must-offer, dictated by the WRAP FS as a ceiling, with uncertainty delegated back to MDWG as out-of-scope. MOTION was proposed by Lindsey Schlekeway of NV Energy and Seconded by Mai Truong of BPA. Motion passed with a 70% quorum, 10 Y, 6 ABSTAIN

ACTION ITEM 1: SPP MMU to present on the Opportunity Cost Mitigation and Pricing Mitigation in East IM

ACTION ITEM 2: SPP Staff to follow up with WRAP prerequisite related abstentions.

MINUTES

AGENDA ITEM 1: Call to Order and Administrative Items

Chair Moore called the meeting to order at 1:01 PM CT. Sec. Schermerhorn presented the Antitrust statement.

Quorum established. Meeting attended by 87 total, including 5 SPP staff and members of the task force as referenced in table below. Agenda was reviewed & accepted (Nick Myers moved, Lindsey Schleckaway 2nd).

Nick Myers moved to accept agenda and Lindsey S. seconded, Agenda Accepted.

Minutes: There were minor modifications of the prior minutes that Sec'y Schermerhorn will make and re-post.

AGENDA ITEM 2: MDWG review of Virtuals: Chair Moore reviewed the direction on virtuals that was provided by MDWG, as the direction helps the Task Force refine its work.

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AGENDA ITEM 3: SPP Staff Discuss (1) Objective of Must Offer; (2) Scope of Load inclusion; 3 RUC

(1) Jim from SPP discussed the **objectives of MOO and the Mechanics of the Market.**

- Do no harm: MOO should not detriment reliability.
- Discourage leaning amongst participants.
- Supply conditions drive price formation.
- Price formation essential to healthy market, where all participants are exposed to LMP.
- MOO acts as guardrails, not the road, in all intervals. Works in most conditions and only under extreme conditions do the guardrails become the navigating tool.

The group asked questions during the presentation about how the MOO might interact with lowering the PRM- staff mentioned that this is out of scope for the TF but of substantial future interest. The group also discussed that WRAP and M+ are on overlapping timelines which drives the need to craft a limited MOO that aligns with the timeline Questions were raised about WRAP as a prerequisite for M+ participation – see action item #2.

Jim discussed the Service Offering supported DA Market, and subsequent RUCS

3 levels of offer with objective that SPP market run favors the freshest data:

Day Ahead: hourly run of SCUC SCED for each operating hour, creates price / qty and balances supply and demand, (including virtuals in East IM) – creates physical unit commitments and DA LMP

Real Time: Runs 30-45 minutes following completion of DA and at often as every 30 min thereafter, manage intraday deviance between bids, forecasts, and operating conditions. (MP can update RT bid 30min prior to hour to reflect fuel conditions). Creates physical commitment and RT LMP.

Mitigated cost based offers, using resource cost and operating parameter data provided by MP, applied to both RT and DA intervals.

An underlying assumption of WRAP participation ensures a level of RA and does not support a separate sufficiency test. M+ may leverage CROW outage reporting tools from east IM to manage resource availability.

(2) Load Scope: it's the opinion of staff that it is out of scope for RATF to propose a forced bid on load. This is a decision for MDWG, and if necessary, needs to be promoted quickly due to timelines constraints. Task force provided no comment about this scope refinement.

(3) RUCs: In the East IM, residual unit commitments are based on RT offers. Members requested additional info on RUCS provided here, with clarification that bids can be adjusted 30 min prior to the operating hour. The following link was provided:

<https://spp.org/media/1930/market-introductory-training.pdf>

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AGENDA ITEM 4: Limited MOO Options & Poll / Motion Development

Chair Moore led into the discussion about what components of a limited must offer had been discussed in the task force to date.

Vice Chair Russell presented further on the must offer limitation – the Task Force used the straw poll vote from 7/26 to refine a presentation about limited must offer, because that was the will of the group following the last meeting.

Issues raised by the task force during the discussion included:

- forecasting, and time interval application of forecasting,
- contingency reserves to be delegated to the MDWG – flagging particular concern related to double counting
- utilization / development / discussion of hydro forecasting and bid interactions,
- A CEILING related to the FS WPP requirements
- and finally, the UNKNOWN: or
 - o how M+ will include / interact w WRAP as its stakeholder process evolves,
 - o how to achieve a PRM reduction and best “unlock” the TX constraint & diversity benefit
 - o holdback calculation & deployment,
- How the stakeholder process and governance can resolve issues that surface post-implementation, forever! Nothing is final until it is final.

ADDITIONAL MOTION NOTES: Motion to approve Limited DAMUSTOFFER as shown below contingent on:

- approval by MDWG on upward uncertainty
- The must offer is subject to the Ceiling: The ceiling of the DA Must Offer Quantity represents the participant’s FS portfolio, adjusted for actual performance, post FS trade activity and WRAP Requirements as those become known and approved by the M+ stakeholder process
- Must Offer Qty Ceiling is the maximum amount required to be offered net of contingency reserves

DA Must Offer Quantity

$$\text{DA Must Offer Quantity Requirement} = \text{Day-Ahead Expected Demand Forecast} + \text{Contingency Reserves} - \text{Allocated Upward Uncertainty} + \text{Purchases \& Sales} - \text{WRAP Requirement}$$

Note: The 'Contingency Reserves' term in the equation above is circled in red with a diagonal slash through it, indicating it is to be removed from the calculation.

- Day-Ahead Expected Demand Forecast: Expect Demand (not bid in demand)
- ~~Contingency Reserves~~: The mechanism is yet to be determined, be it a base schedule within a BA or the market does not see them, either way resources need to be allocated to cover contingency reserves – will be procured by BA
- Allocated Upward Uncertainty: The upward portion of uncertainty that is attributed to a specific LRE
- Purchase and Sales: Ensure any forward purchase or sales that impact LRE's demand or supply into the M+ footprint or directly change the must offer (e.g. RA Transfer product) are accounted for
- WRAP Requirement: Must Offer will be subject to the WRAP Holdback and may include other Resource Availability Requirements of WRAP as those become known and approved by the M+ stakeholder process

Votes: Blue indicates task member did not vote; motion carries with 10 Y, 6 ABSTAIN.

First Name	Last Name		Y	N	Abstain
Brian	Thompson				
Dave	Zvareck				X
Derek	Russell		X		
Eric	Scherr	*Brook V Proxy			X
Garrett	Schilling				X
Garrison	Marr		X		
Gregory	Wannier				
Jon	Cook	* Marcie M Proxy	X		
Karan	Pol				
Laura	Trolese	Excused absence no proxy			
Lauren	Tenney Denison		X		
Lauren	Briggs				
Leah	Kaffine				
Lindsey	Schlekeyway		X		
Mai	Truong		X		
Kylah	McNabb				X
Fred	Heutte				
Rick	Applegate		X		
Sachi	Begur		X		
Steve	Szabyla				X
TBD	TBD				
Dave	Young				X
Tammy	Cordova				
Tyler	Moore		X		
Nick	Myers		X		
			10		6

Adjournment Chair Moore adjourned at 4:09 PM CT

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