



2024 OPERATING PLAN

By SPP Management

August 25, 2023

CONTENTS

- APPROACH4
- SPP OVERVIEW.....4
- Governing Documents5
 - Tariff.....5
 - Membership Agreement.....5
 - Bylaws.....5
 - Protocols and Business Practices5
- Organizational Structure5
- Funding.....6
- 2024 EXPECTED BUSINESS ENVIRONMENT **ERROR! BOOKMARK NOT DEFINED.**
- Electrification7
- Changing generation mix7
- Increased planning reserve margin requirements.....8
- Transmission planning and cost allocation.....8
- Evolving energy markets.....9
- Western Energy Services9
- Federal and State Energy Policies.....10
- Regulatory.....11
- Cybersecurity risks11
- Economic Pressures on Human Capital.....12
- CORPORATE AND DEPARTMENTAL 2024 OBJECTIVES.....13
- Corporate Strategic Opportunities and Enabling Capabilities.....13
- Departmental Objectives.....14
 - Operations.....14
 - Markets15
 - Information Technology.....16
 - Finance.....17
 - Engineering22
 - Process Integrity.....23

Regulatory	25
Human Capital	26
Staff Capacity planning.....	29
Staff Capacity Limitations	30
2024-2026 recommended Projects and Programs	33
Appendix 1: SPP Working Groups	34
Appendix 2: SPP Staff Organization.....	35

APPROACH

SPP's 2024 Operating Plan includes descriptions of the major work SPP will undertake to achieve its strategic plan, operate the organization and carry out its mission. To accomplish these objectives and comply with the obligations set forth in its governing documents, SPP must plan and allocate its resources properly and thoroughly. SPP utilizes its robust stakeholder process to ensure accountability, transparency, fiscal responsibility and continuous improvement.

The 2024 Operating Plan was developed to identify and recognize where departmental objectives and initiatives affect SPP's ability to meet the objectives of the SPP Strategic Plan, *Aspire 2026*. This will provide SPP's management team with a clear understanding of opportunities to measure, prioritize, and allocate resources to meet corporate and departmental objectives. By documenting and relating departmental activities to the strategic plan, management can make informed budget and resource decisions for the coming fiscal year while acknowledging current business, financial, legislative and regulatory environments, which could influence organizational success.

SPP OVERVIEW

The SPP mission: Working together to responsibly and economically keep the lights on today and in the future.

SPP oversees the bulk electric grid and wholesale power market in the central United States on behalf of a diverse group of utilities and transmission companies in 15 states, and it provides contract-based reliability, market, and resource adequacy services to customers in every state in the Western Interconnection.

As a regional transmission organization (RTO), SPP ensures the reliable supply of power, adequate transmission infrastructure and competitive wholesale electricity prices for a 552,000-square-mile region, including more than 70,000 miles of high-voltage transmission lines in the Eastern Interconnection. SPP's services are independently provided on a regional basis, focused on electric reliability, cost-effectiveness and bringing value to SPP members and their customers.

SPP's staff of more than 700 professionals works proudly and diligently to ensure almost 19 million people across its service territories have electricity when they need it.

GOVERNING DOCUMENTS

TARIFF

The Federal Energy Regulatory Commission (FERC) directly regulates SPP. FERC must approve all changes to the SPP Open Access Transmission Tariff before implementation. SPP's failure to comply with tariff provisions and/or FERC directives must be reported to FERC and may be subject to penalties and fines.

The tariff defines the majority of the required workload for SPP's operations and engineering departments. Changes to the tariff are primarily facilitated by the Markets and Operations Policy Committee (MOPC) with ultimate oversight provided by the SPP Board of Directors.

MEMBERSHIP AGREEMENT

The membership agreement is an agreement between SPP and each of its members that obligates SPP to perform outlined services, including those in the tariff. Changes to the scope of responsibilities are primarily within the purview of the Corporate Governance Committee and SPP's Board of Directors.

BYLAWS

The bylaws describe SPP's organizational operation, specifically outlining duties of the board and its advisory committees. Changes to the bylaws are under the oversight of the Corporate Governance Committee and Board of Directors.

PROTOCOLS AND BUSINESS PRACTICES

SPP has well-documented business practices detailing the administration of the tariff, including coordinating the sale of transmission service. SPP also has well-documented market protocols detailing the administration of the market rules in the tariff. These documents are developed, monitored and amended through SPP's stakeholder process.

ORGANIZATIONAL STRUCTURE

SPP operates via two distinct organizational structures. The governance structure (Appendix 1) begins with the board and cascades into board-level committees and working groups. This organizational structure is populated largely with representatives from SPP's member companies. These groups provide directives on the work SPP is expected to accomplish.

The internal staff structure (Appendix 2) illustrates reporting relationships between employees. The staff structure begins with the SPP president and cascades into vice presidents, departmental directors/managers, etc. The staff structure is generally aligned based on functional responsibilities.

FUNDING

SPP funds its ongoing operating costs through charges to its customers under the tariff and customers of specific nontariff services. SPP's operating costs include scheduled principal and interest payments on its outstanding debt, but exclude depreciation and amortization expenses. SPP's tariff allows the company to collect up to 100% of its operating costs from a combination of four unique rate schedules charged to its customers and market participants.

Under SPP's FERC-filed and approved formula rate design, transmission customers are charged for system dispatch and control costs; auction revenue rights and transmission congestion rights holders are charged for costs to operate the congestion rights markets; generation, load and financial-only participants are charged the common costs to administer the energy markets; and generation and load participants are charged the costs to operate the physical energy markets.

SPP's capital projects are funded from borrowings under medium and long-term credit agreements, primarily with institutional investors. The duration of these borrowings is intended to match the useful life of the acquired assets. SPP's debt issuances are generally unsecured. Additional funding for capital expenditures is provided from a 20% equity allocation included in the annual net revenue requirement.

SPP began utilizing an \$80 million revolving line of credit in 2019 to fund capital expenditures. Lenders converted advances from the credit line to four-year term notes at the end of each year. SPP also utilized its unsecured revolving line of credit to fund initial implementation costs for western contract services, which are being recovered from those contract service customers. Total draws were converted into four-year term notes at the end of implementation.

SPP's "A" rating from Fitch Ratings was last affirmed in February 2023.

2024 EXPECTED BUSINESS ENVIRONMENT

In 2024, SPP will face opportunities and challenges related to increasing levels of electrification, continued changes to the generation mix, increased planning reserve margin requirements, transmission planning and cost allocation, evolving energy markets, expansion of SPP services to the west, regulatory issues and cybersecurity risks.

ELECTRIFICATION

In its [Annual Energy Outlook published in March 2023](#), the U.S. Energy Information Administration forecasts that energy consumption will continue to grow across the nation through the year 2050, as population and economic growth will outpace gains in energy efficiency. The report also notes, "... electricity continues to be the fastest-growing energy source in buildings, with renewables and natural gas providing most of the incremental electricity supply."

SPP anticipates further growth in its members' demand response and energy efficiency programs. Over time, these changes will likely cause summer peaks to grow at a slower pace, higher winter peaks and a flattening of load shapes due to an annual normalization of electricity use. Consumers will have more choices about how they use energy and interact with the electric grid. While major changes may not materialize over the next year, SPP is incorporating more of these evolving assumptions in its engineering models to better ensure our region is prepared. And, the typical home in our footprint will use 25kWh or more per day in the years ahead based on these trends.

While load in the SPP region has been flat overall for the last several years, that trend has reversed and load appears to be growing in most areas of the footprint with some pockets experiencing significant growth. Commercial and industrial customers seeking low-cost, renewable service options are increasingly attracted to the SPP region. Companies such as Google, T-Mobile USA and Facebook have contracted with renewable generators in the SPP footprint to power their data centers or meet carbon emission reduction goals.

CHANGING GENERATION MIX

The generation fleet at SPP's disposal — a diverse fleet of approximately 1,000 generating plants — has changed dramatically in the last 10 years. As of the beginning of 2023, SPP's generation fuel mix is primarily coal (33.3%), wind (37.5%) and gas (20.9%). Coal was on a continual decline in production and capacity from 2014-2022, though both coal and wind were SPP's top fuel

sources in terms of energy production in its Integrated Marketplace. Still, new coal generation is not planned in the SPP footprint, and older plants are being, or are projected to be, retired.

The SPP region has seen a significant increase in renewable energy. In 2008, wind energy made up just 3% and solar a fraction of a percent of SPP's annual energy production. As of May 2023, wind comprised 43.7% and solar 0.2%. At a given moment, SPP has reliably met more than 90.2% of its load with electricity from renewable generation resources. SPP's primary operational challenge is maintaining grid reliability as it becomes increasingly dependent on energy delivered from intermittent resources. The generator interconnection (GI) queue represents new generators "waiting in line" to be analyzed and connected to the transmission system. Of the more than 112 gigawatts (GW) of pending generator interconnection requests, over 96% is renewable resources.

INCREASED PLANNING RESERVE MARGIN REQUIREMENTS

Resource adequacy (RA) is one of SPP's most significant corporate risks. Generation retirements, load-profile changes, and uncertainty related to the operation of current and new variable generation all pose challenges to RA and necessitate a heightened focus, as electric reliability remains a critical component of SPP's and its members' missions.

SPP has undertaken multiple RA policy initiatives. One is the development of the Effective Load Carrying Capability (ELCC) methodology for wind, solar, hybrid, and electric storage resources (ESRs). In 2022, SPP sought to increase the summer Planning Reserve Margin (PRM) and introduce Performance Based Accreditation (PBA) on conventional resources. Many of the Improved Resource Availability Task Force's (IRATF) recommendations are intended to enhance RA. Other efforts that fall in the 2024 Operating Plan's horizon are a move toward a winter PRM and the potential development of more granular seasonal/monthly requirements.

SPP has also increased its involvement in industry efforts like EPRI's "Resource Adequacy for a Decarbonized Future", as well as the recently formed Climate Resilience and Adaptation Initiative (READi). Both efforts help collaborate, share knowledge, and perform needed gap analyses on RA policies, tools, processes, and methodologies across the industry.

SPP's staff, market monitor and members will focus on further valuing the generation attributes necessary to continue reliably integrating the region's changing fuel mix. SPP's 2024-25 roadmap will also emphasize development of policies that enhance and better position RA for the footprint in the future.

TRANSMISSION PLANNING AND COST ALLOCATION

Every year SPP works with its members to determine the region's new transmission needs. The projects identified through SPP's planning processes benefit the region by connecting new

generators and demand sources to the transmission system, ensuring low-cost electricity is delivered to consumers and solving power grid issues that, if not addressed, could impact the reliable delivery of electricity.

Determining who should pay for transmission upgrades is a highly debated public policy issue. SPP is challenged to better align its transmission planning processes, Integrated Marketplace and transmission cost allocation methodologies. It is important to address the cost responsibility of loads and generators, as well as cost allocation among loads.

Additional future challenges are based on the changing generation mix, including how storage can be used for both transmission reliability and to provide economic benefits through the markets. As load also starts to respond to either reliability needs or economic benefits through the markets, planning will increase in complexity, because load will no longer just be a forecasted demand.

EVOLVING ENERGY MARKETS

Wind — which has zero fuel cost and enjoys significant federal tax incentives — coupled with low natural gas prices continues to enable an economic dispatch of SPP's changing generating fleet that reduces wholesale energy prices and shifts the region away from traditional generation. This economic dispatch is feasible due to SPP's robust transmission system investment and Integrated Marketplace. The Integrated Marketplace has provided more than \$3.5 billion in savings since it launched in 2014.

In 2022, SPP's median spot wholesale energy prices remained the lowest in any organized market in the U.S. SPP's primary financial challenge is ensuring that, given declining wholesale energy prices, resources capable of providing essential reliability services are appropriately compensated and incentivized to offer and deliver these services to the grid. SPP continuously works with stakeholders to enhance the Integrated Marketplace's ability to cost effectively utilize its diverse generation mix, manage grid congestion and reliably respond to changes in load and generation.

WESTERN ENERGY SERVICES

SPP began operating in the Western Interconnection as a North American Electric Reliability Corporation (NERC)-certified reliability coordinator in December 2019, working with customers to keep the lights on and mitigate operational contingencies that threaten reliability. In February 2021, SPP launched its Western Energy Imbalance Service market and administers it on a contract basis. The market centrally dispatches energy from participating resources every five minutes, enhancing reliability and affordability for western consumers.

In November 2020, SPP announced several utilities would evaluate the benefits of placing western facilities under the terms and conditions of SPP's Open Access Transmission Tariff. An

SPP-commissioned study found the move would be mutually beneficial and produce annual savings for both eastern and western members. Additionally, SPP anticipates its wholesale electricity market, resource adequacy program and other regionalized services can help western members achieve renewable-energy goals, reinforce system reliability and leverage new opportunities to buy, sell and trade power.

The interested utilities identified initial terms and conditions under which they could move forward to place western facilities under the RTO's tariff. The SPP board approved those terms and conditions in July 2021. Additional DC tie terms and conditions were approved in July 2022 and final Colorado River Storage Project terms and conditions were agreed upon in January 2023. This final set of terms and conditions included extending the date by which they are effective to July 2023. Tariff changes will commence once commitment agreements are received with a tariff filing planned for April 2024 and a go-live date of April 2026.

In November 2022, after working with western stakeholders on market ideas for several months, SPP issued a service offering for a new day-ahead and real-time market option in the west known as Markets+, with a governance structure designed by western participants. In early 2023 over 35 parties committed to participating in Phase 1 of Markets+ to develop tariff and protocol language within the structure of the new governance. A tariff filing is expected in January 2024 with market systems development (Phase 2) occurring shortly after the filing to meet the October 2025 planned implementation date.

RTO West expansion and Markets+ will require a concerted effort throughout 2024 to attract and retain staff necessary to make both efforts successful.

FEDERAL AND STATE ENERGY POLICIES

SPP regularly monitors and analyzes proposed federal and state legislative actions and determines the potential impact on SPP and its members and stakeholders. At the federal level, SPP has observed broad energy policy trends toward increased renewables, storage development, grid and cybersecurity and electric infrastructure development. Historically, comprehensive federal energy legislation has been slow to become law. The pace at which regulatory rulemakings and proposals become final appears to have increased, with actionable requirements of undetermined dates.

At the state level, legislative changes happen more quickly. Hundreds of energy-related bills become law each year across the country. These state-level changes both reflect and drive energy development and investment trends. SPP has seen state energy policy trends similar to that at the federal level, as well as continued interest in renewable portfolio standards, retail choice, RTO participation and right of first refusal laws.

Federal and state energy policy trends toward increased renewables, storage development, cybersecurity and grid security and modernization are likely to continue in the coming years. Additionally, as states continue to increase their renewable energy goals and reduce their

greenhouse gas emissions, interest in advanced transmission systems, RTOs and possibly even retail choice could continue to grow. The public utilities and large private corporations are also likely to advance policy through independent actions.

REGULATORY

On January 3, 2023, President Biden named Willie Phillips as Acting Chairman at FERC following the departure of Chairman Rich Glick. Chairman Glick's departure reduced FERC to a four-member Commission, resulting in a two-to-two Democrat and Republican split. While President Biden nominated Chairman Rich Glick for a new five-year term in 2021, the Senate Energy and Natural Resources Committee Chairman, Senator Joe Manchin, did not schedule a confirmation hearing; therefore, Chairman Glick was unable to be confirmed by the Senate before his time ran out. With Commissioner Danly's term coming to an end as early as June 30, 2023, and as late as January 2, 2024, and without a White House nomination at this time to fill the remaining open seat at FERC, there exists much regulatory uncertainty surrounding FERC's actions through the end of 2023

While FERC operates outside the direction of the President and the other offices of the executive branch, the administration has made a high priority of addressing greenhouse gas emissions and climate change. While FERC has also moved forward on looking for ways to reduce greenhouse gas emissions through rulemaking proceedings, Chairman Phillips has prioritized reliability, transmission expansion, and environmental justice and equity as his top priorities. Specifically, in July 2023 FERC finalized a rule on generator interconnection processes that will impact SPP. He has also expressed interest in establishing minimum levels of interregional transfer capacity, but much work remains on this topic.

CYBERSECURITY RISKS

Cybersecurity continues to have our highest risk classification due to having high probability and high potential impact. SPP will make organizational changes to increase focus on cybersecurity and management of its associated risks.

The threat of attacks from multiple vectors will continue to pose the greatest cyber-related risk to both SPP and all critical infrastructure. SPP will remain focused on advancing its cybersecurity maturity by becoming more secure, vigilant and resilient. The expanding number of threats and threat actors dictates that SPP take a proactive view of the advanced threat landscape.

SPP will seek to incorporate threat intelligence that highlights not only technical vulnerabilities but also economic, legal and geopolitical factors. SPP intends to use enhanced threat intelligence to evaluate and implement real time changes within our systems as we adjust for identified risks. SPP will manage cyber risk across the enterprise and up through the supply chain by enhancing its procurement practices with specific vendor cyber risk assessments. SPP will remain committed to identifying and deploying new technologies that will assist in

monitoring and detecting anomalies on networks, thereby reducing SPP's overall corporate cyber risk.

ECONOMIC PRESSURES ON HUMAN CAPITAL

The current and ongoing uncertain economic conditions in [the US](#) – including but not limited to high inflation, supply chain issues, and labor costs and challenges – has impacted SPP and its members. SPP anticipates that the ongoing instability in the economic environment will continue into 2024 and beyond, and present additional challenges to SPP. Day-to-day operating costs are increasing at a rapid rate, while federal and state regulators are directing pressure on utilities to maintain low cost of service to the end-user community.

These circumstances, along with the Infrastructure Investment and Jobs Act, will continue to place a premium on STEM-related job roles, specifically in Engineering and IT roles. While SPP's turnover rate has stabilized – and is still relatively low – the current rate is 6.3% and will result in over 40 vacancies annually. The Human Capital organization is leading several initiatives (described in the Human Capital overview later in this document) in collaboration with SPP management and staff geared at recruiting, engaging, developing and retaining a skilled workforce that supports Organizational Readiness, an enabling capability in SPP's strategic plan.

SPP will require meaningful increases in staffing levels to successfully meet the strategic opportunities and enabling capabilities identified in Aspire 2026 and the departmental objectives noted in this 2024 Operating Plan. SPP is experiencing human resource capacity limitations due to the volume of existing production work, strategic deliverables identified and planned for the current year, 2024 and beyond, as well as new requirements imposed by [FERC](#) and NERC.

The recommended project portfolio has more than 78 enterprise programs and projects that will be considered in the 2024 budget cycle. Many of these projects, strategic initiatives, and regulatory recommendations and requirements are necessary to specifically address and minimize operational, compliance, financial and other types of risk inherent in our industry. Many of these initiatives represent incremental workload and cannot be absorbed by existing SPP staff.

The work needed of SPP to fulfill its ongoing responsibilities and achieve its Aspire 2026 goals will require higher financial commitment from SPP's members and customers. SPP recognizes this comes at a time when our members and customers are dealing with increased demands to maintain or reduce the cost of the services they provide to their own customers. Thus, SPP and its stakeholders must be deliberate and thoughtful about objectives, timelines and financial realities as we move forward together.

CORPORATE AND DEPARTMENTAL 2024 OBJECTIVES

CORPORATE STRATEGIC OPPORTUNITIES AND ENABLING CAPABILITIES

SPP's five-year strategic plan is detailed in the company's Aspire 2026 document published July 14, 2021. The building blocks of Aspire 2026 anchor with six enabling capabilities that provide a foundation on which SPP can pursue strategic opportunities. The six enabling capabilities are:

- Adaptive Governance Model
- Organizational Readiness
- Innovative Cost Allocation
- The Right Technology
- Diversity, Equity and Inclusion
- Sustaining, Enhancing and Communicating Member Value

Five strategic opportunities set the high-level direction that will guide SPP's actions over the next four years. They are:

- HITT Implementation
- Optimized Seams
- Western Services Expansion
- Innovative Transmission Planning
- Grid of the Future

Descriptions of each of these items, along with additional information and a one-page summary of SPP's strategy, are included in the [2021-26 Strategic Plan published on SPP.org](#).

The departmental objectives included in this 2024 SPP Operating Plan were developed in correlation to these enabling capabilities and strategic opportunities. In the following section, several departments outline the specific activities they will undertake in 2024 in support of SPP's strategic plan.

DEPARTMENTAL OBJECTIVES

OPERATIONS

The key role of the System Operations department is to keep the lights on while providing the most value possible in our core business functions of reliability coordination, balancing, markets and tariff administration. SPP is expected to perform this function with excellence as operational challenges continue to grow and become more complex. As a result, SPP must ensure the proper staffing, training and preparedness of system operators and ensure system operations is adequately supported by the Operations Engineering Support and IT Divisions.

The key roles of the Operations Engineering Support Division are maintaining the network model, monitoring the integrity of the data used in system operation's and markets applications, ensuring compliance and reliability of real-time, next-day and near-future horizons, and balancing the number of requested maintenance outages with their impact on reliability. Focus will remain on adequately managing risk levels for operating the system reliably and the timely identification of potential reliability challenges. Near term and seasonal outlooks will assess potential impacts for a variety of realistic scenarios including extreme weather conditions. This ensures SPP is prepared for the upcoming season and any potential identified impacts in the seasonal studies can be mitigated with normal congestion management actions including those on seams that require coordination with neighboring entities.

These daily efforts to maintain reliable operation of the grid will be impacted by anticipated changes to SPP's resource mix and by climate changes that result in more extreme weather events. Operating the system reliably will become continually more complex and dynamic, and SPP must be prepared to adapt and implement changes to studies, analysis and expertise so that it can anticipate those changes and address their potential impacts in studies and analysis.

The major areas of focus for Operations in 2024 are:

- Maintaining reliable operations of the Bulk Electric System,
- Continued improvement of Uncertainty Response Team (URT) processes and performance metrics,
- Continued improvement of operator training to be as "real" as possible,
- Continued improvement of tools and displays to give system operators the best information possible that they can discern quickly,
- Maintaining high quality Network and Commercial Models,
- Addressing [FERC Order 881](#), [FERC Order 2222](#) and NERC Project 2015-09,

- Increasing awareness of and preparedness for the potential impacts of extreme weather events, changes to SPP's balancing authority (BA) resource mix and developments behind the meter that will impact BA load profiles,
- Support for Grid of the Future initiatives,
- Support for Resource and Energy Adequacy Leadership (REAL) Team initiatives,
- Support of implementation of the recommendations of the Improved Resource Availability Task Force (IRATF),
- Proactively participating in industry discussions and providing leadership on critical topics such as: energy adequacy, voltage and reactive support, frequency response, impacts of increased extreme weather events, fuel assurance challenges, impacts of changing resource mix, dynamic line rating use and robustness of inverter-based resource (IBR) technology,
- Maturing control-based methods to fulfill growing expectations from [FERC](#), NERC, and Regional Entities. SPP expects several new requirements in the coming years and new interpretations of existing requirements in the near term.

MARKETS

The mission of Markets is to design, develop and provide fair and equitable market service solutions in a dynamic market environment while supporting and improving reliability. This is accomplished through transparent and robust stakeholder engagement to ensure diverse perspectives are considered while driving toward optimum outcomes.

The major areas of focus for Markets in 2024 are:

- Stakeholder engagement to develop solutions for [FERC](#) Orders 2222 and 881 implementation,
- RTO West expansion to include incorporation of DC tie market participation,
- Continued efforts to improve ARR allocations and TCR underfunding,
- Support for REAL team initiatives,
- Addressing price formation in support of improved seams management and grid resiliency,
- Enhance market key performance indicator metrics to drive continuous improvement,
- Prioritize and address key market SIRs.

- Markets+ development.

INFORMATION TECHNOLOGY

The mission of IT is to provide value, in partnership with our stakeholders, through continuous innovation, technology transformation, reliable platforms and excellent customer support. IT leads and supports work for every department within SPP. The IT ecosystem is constantly in flux to respond quickly to business needs as well as reliability, security, compliance and financial risks.

The major areas of focus for IT during 2024 align with the IT Strategic Plan as well as two enabling capabilities within Aspire 2026 (Organizational Readiness and Right Technology).

RISK MANAGEMENT STRATEGIC INITIATIVE

SPP IT strives to mitigate and manage risk associated with all IT functions. Foremost to this effort is cybersecurity, ranked as one of SPP's top corporate risks. Another area of focus is CIP compliance, which helps SPP mitigate risk to the bulk electric system. CIP compliance, if done properly, significantly reduces security, financial and reputational risk for SPP.

- Risk Management 2024 deliverables include:
 - Develop quantitative approach to manage cyber security risk,
 - Mature and evolve our current IT controls process into a robust program that fits within a larger risk management framework,
 - Partner with business owners to identify financial, operational, regulatory, compliance, & security risks,
 - Implement automated solutions to monitor & control high-risk processes.

IT STAFF READINESS STRATEGIC INITIATIVE

It's crucial that IT have and maintain a staff with the skills necessary to implement SPP's corporate strategy, as well as the leadership to take IT into the future. SPP IT will attract, develop, retain and lead an exceptional, diverse, and inclusive workforce.

- IT Staff Readiness 2024 deliverables include:
 - Develop certification criteria and competency assessment for key IT roles,
 - Establish and implement a formal IT Rotation Program.

TECHNOLOGY READINESS STRATEGIC INITIATIVE

SPP will evaluate and appropriately implement new technologies that optimize current functionality and add new required functionality. It is prudent for SPP to maintain awareness of

these evolving technologies with an eye toward integrating them into the SPP infrastructure in support of SPP's Right Technology enabling capability.

SPP must have the right technology in place at the right time. As current solutions and architecture are identified as beginning to reach the end of their lifecycles, SPP must be prepared to explore and implement emerging technologies that will provide value in terms of an improved cost/benefit ratio and/or increased efficiency.

To this end, IT has developed an IT Technology Roadmap. The Roadmap is aligned with and supports SPP's Corporate Goals, Cyber Security and Enterprise Risk Management, and Aspire 2026 Strategic Opportunities.

- Technology Readiness 2024 deliverable:
 - Continue the portfolio rationalization process launched in 2023, identifying and prioritizing opportunities for portfolio modernization based on technical alignment, business value, and ongoing cost of production applications.

FINANCE

The Finance organization provides finance and risk management expertise and stewardship to ensure that SPP economically and responsibly achieves its strategic and operating goals. Finance dedicates its time and resources to creating and sustaining risk-aware and cost-controlled financial outcomes for its members, regulators, and the SPP enterprise.

Prior to 2023, Finance comprised three departments tasked with overseeing multiple functions within SPP, including accounting, purchasing, and budgets under Accounting; market, production, and transmission settlements under Settlements; and treasury, credit, enterprise risk management, and campus facilities and administration under Treasury and Risk Management.

As SPP has matured in both size and complexity, the Finance organization's structure, tools, and workflow processes have remained relatively stable during this same period. The organization has reached a point where it must adapt, update, and upgrade proactively to provide cost-effective and efficient financial and risk oversight for SPP. In 2024, Finance will complete a restructuring using an execution framework focused on the seven key areas below. This restructuring is intended to streamline financial operations, increase efficiency and effectiveness, improve productivity, and reduce costs.

1. Collaboration Models: cross-functional workflow processes that ensure accurate, timely, and relevant financial and risk reporting, analysis, and forecasting
2. Working Norms: organizational policies and departmental processes that optimize effectiveness and efficiencies for financial excellence, with an embedded philosophy of continuous improvement

3. Stakeholder Service: continuously defining, measuring, and improving internal and external stakeholder service levels for input, transparency, and value creation
4. Talent Development: career path, succession planning, performance metrics, and Diversity Equity and Inclusion (DEI) development to improve employee wellness and organizational performance
5. Team Structure: forward-looking organizational and departmental structures and employee roles and responsibilities that consistently meet the finance and risk capacity and capability needs of SPP and its members and stakeholders
6. Key Enablers: continuous development of digital tools, employee expertise, risk management capabilities, and financial metrics
7. Agile Framework: flexible and robust processes, tools, and people that are adaptable to changing systemic and idiosyncratic conditions to minimize costs, mitigate risk, and create value

This Finance reorganization will comprise three execution steps:

1. Consolidating and expanding financial functions currently dispersed throughout SPP into the Finance organization to enhance financial oversight, analytical capabilities, service quality, productivity, and cost controls of the applicable functions
 - a. Payroll will transfer from Human Capital into the Finance organization to improve operational workflows, heighten financial oversight by reporting to Accounting specialists, and separate Human Capital benefits policy and administration from payroll financial operations.
 - b. IT Sourcing and Strategy will transfer from the IT organization into Finance and will assume responsibility for corporate purchasing currently residing with the Finance organization. SPP anticipates that combining these teams to encompass an enterprise-wide framework will optimize sourcing strategy and procurement execution, leading to positive financial outcomes for SPP and its members.
2. Restructuring of non-financial functions currently residing within the Finance organization to organizations within SPP that align with the technical expertise of the applicable functions
 - a. Emergency Management and Physical Security will transfer from Finance to SPP's Cybersecurity-Controls Department. This restructuring enhances the physical and cyber security strategic planning and response capabilities of SPP as a critical infrastructure organization, enabling SPP to continue providing resilient and reliable management of the electric grid.
 - b. Corporate Facilities and Administration will transfer from Finance to the Senior Director of Facilities and IT Applications.

3. Restructuring across the existing Finance organization departments and the addition of a new department that will provide critical financial capabilities and capacity for SPP
 - a. Expanding the scope of SPP's risk function to encompass Enterprise Risk Management (ERM) and RTO Credit: This department will execute a multi-phased, multi-year ERM framework that develops an enterprise-wide approach to risk management, oversee SPP's corporate insurance program, and manage and develop optimal credit policies and controls with stakeholder groups and committees.
 - b. Creation of a new Finance and Treasury department under one SPP director that will assume: 1) the Treasury responsibilities of SPP, currently dispersed across two departments within the Finance organization, and 2) the Financial Planning and Analysis (FP&A) function, which is primarily limited to budgeting and annual forecasting within the Accounting department, or dispersed inconsistently across the organization. SPP has operated with extremely limited capacity and capabilities in these areas relative to the growing size and complexity of SPP's strategic, financial, and risk control needs of the organization. The value received by consolidating and expanding these functions will result in tangible financial benefits for the organization.
 - c. Formalizing the Settlements Department structure into a market policy and development, transmission, production, and settlements systems construct to align with the current work being performed and to provide optimal service support and enhancements for SPP stakeholders

Department-specific strategic and execution goals also have been developed for 2024 using the execution framework, and are outlined below.

ACCOUNTING

Accounting will focus on the following key departmental priorities in 2024:

1. Department Structure, Resource Allocation, and Prioritization
 - Ensure department is properly structured and scaled to provide value, expertise, and service quality to internal and external stakeholders
 - Identify staff and DEI opportunities for promotion, advancement, and targeted development for horizontal and vertical staff growth
 - Further develop and document cross-functional team procedures for enhanced business continuity
 - Integrate payroll into the Accounting function, incorporating workflow improvements with Human Capital, and performing payroll and tax optimization analyses for SPP's growing multi-state remote employee framework

2. Accounting System Assessment and Technology Roadmap Development
 - Internal assessment of current accounting systems, including utilization, integrations between systems, and supported processes to identify gaps, inefficiencies, and opportunities for improvement
 - Third-party engagement to assess available technology options that will meet stakeholder requirements defined from internal assessment
 - Recommend system/s solution and implementation plan roadmap, timeline, and costs

3. Reporting and Cost Allocation Improvements
 - Assess internal and external financial and activity-based reporting metrics, formats, and cadence, particularly relative to growing delineation between existing RTO operations and Western expansion reporting requirements
 - Recommend solutions and develop implementation plan roadmap, timeline, and costs
 - Review cost and overhead methodologies and allocations, recommending process improvements where appropriate

SETTLEMENTS

The Settlements department will focus on the following key priorities in 2024:

1. Enable Effective and Efficient Development of Western Implementation Initiatives
 - Develop internal and bid-to-bill testing scenarios that ensure a seamless implementation in 2025/2026
 - Fully support Western settlement participants, in particular during training and testing, while continuing to provide enhancements and support to existing RTO stakeholders
 - Work effectively and efficiently with the Market Design team and stakeholders to lead solution-oriented efforts for settlement-impacting issues arising throughout project implementation
 - Ensure project issues related to settlements are being resolved through collaboration with involved departments

2. Assess and Review Automation Opportunities to Enhance Operations Excellence for Existing and New Members
 - Review production processes in order to identify any automation opportunities not included in current SMS or SAS activities
 - Eliminate manual processes where practicable and replace with automation

3. Settlement Organization Structure Assessment
 - Assess department roles and responsibilities to maximize resource utilization, with a focus on providing optimal service on settlement obligations and deliverables
 - Identify staff opportunities to develop vertically and horizontally in the department
 - Ensure department is scaled to provide member value into the future
4. Improved Settlement Metrics and Analytics
 - Provide effective metrics for production/system activities
 - Develop informative reports for settlement-related financial performance and trend activity
 - Develop quarterly cadence with continuous improvement of reports that includes stakeholder input

RISK (AND RTO CREDIT)

The Risk Department will focus on the following key priorities in 2024:

1. Enable Effective and Efficient Development of Western Implementation Initiatives
 - Lead efforts with stakeholders to develop proactive solutions for credit-related issues that arise during project implementation
 - Ensure full education, training, and systems testing support for Western project implementation
2. Assess, Prioritize, and Implement Credit Policies and System Enhancements
 - Work with regulators, members, and stakeholders on effective credit policy and metric improvements, especially relative to high-risk events
 - Develop appropriate credit policies, processes, and/or systems enhancements relative to HITT initiatives and/or congestion hedging needs
3. Maturation of Enterprise Risk Management Program
 - Refine ERM governance processes, including charters, policies, and committee development and involvement, both internally and externally
 - Improve metrics, develop dashboards, and work with stakeholders on continuous improvements
 - Perform iterative and ongoing ERM program assessment and reporting
 - Measure risk register tool utilization, employee training and engagement, and risk controls framework

ENGINEERING

In addition to required production work, SPP's five-year strategic plan includes strategic initiatives owned by the Engineering Organization that began in 2022 and will extend into 2024, and which are directly related to certain enabling capabilities and strategic opportunities. Engineering is also the primary functional area responsible for roughly one third of the currently active initiatives in the SPP Roadmap, and directly responsible for two of the five SPP corporate goals. Specific areas of focus include:

HITT Implementation: Evaluation and approval of CRIS deliverability areas, CRIS transition levels, and evaluation of ERIS thresholds used in GI studies.

Optimized Seams: Complete development of five-year plans with seams neighbors, regulatory approval of SPP-MISO JTIQ cost allocation, regulatory approval of TMEP process with MISO, and resolution of SCRIPT transfers recommendations

Innovative Transmission Planning: Continue processing backlogged GI study clusters, work with Consolidated Planning Process Task Force (CPPTF) to finalize implementation and transition plan for consolidated planning process, and implement non-consolidation SCRIPT recommendations. Winter weather events and extreme conditions are incorporated into the 2024 Integrated Transmission Plan (ITP), which is scheduled to conclude by the end of 2024.

Grid of the Future: Working with the Future Grid Strategic Advisory Group (FGSAG), develop recommendations for future grid initiatives and submit initiatives into SPP Roadmap process for prioritization, develop and implement ESR and DER policies, and implement Winter Weather Event recommendations.

Resource Adequacy: Resource Adequacy is now a top corporate risk and one of the five corporate goals for SPP. Many initiatives are being developed to address and mitigate this risk. SPP will continue to work with the Supply Adequacy Working Group (SAWG), a newly developed Resource and Energy Adequacy Leadership (REAL) Team, and applicable working groups, as well as all WPP groups for the WRAP, in order to create and implement next-generation resource adequacy policies, methodologies, tools and processes. In 2024, Engineering will prioritize key areas to strengthen SPP's risk management capacities and capabilities, including:

- Implement Performance-Based Accreditation (PBA) for conventional generation,
- Implement Effective Load Carrying Capability (ELCC) for wind, solar, and Electric Storage Resources (ESRs),
- Develop a Winter season Planning Reserve Margin (PRM),
- Implement a ramp/flexibility resource attribute regional requirement,
- Develop additional risk tolerance criteria in the form of Normalized Expected Unserved Energy (NEUE),

- Develop a Demand Response (DR) accreditation policy,
- Develop a fuel assurance policy, and
- Develop additional policies for resource retirements associated with RA.

Generation Interconnection (GI): One of the five SPP corporate goals is to clear the GI backlog. The GI backlog clearing project will continue throughout 2024, with the goal of removal of the backlog by the end of 2024 and a return to processing subsequent cluster studies in accordance with traditional tariff timelines. SPP will respond to [FERC Order 2023](#) which will require changes to SPP's interconnection practices. Policy changes shall continue throughout 2024 in order to best position GI processes for success in the east, west and in preparation for CPP.

FERC Notices of Proposed Rulemaking (NOPR): There have been two major NOPRs to transmission planning and generation interconnection functions. SPP continues to closely follow regulatory developments in these areas. In July 2023, [FERC](#) issued Order 2023 addressing reforms to generator interconnection procedures.

Key performance success metrics and reporting will be formalized within the newly developed SPP Roadmap process, via quarterly reporting to MOPC, SPC, and BOD.

PROCESS INTEGRITY

COMPLIANCE AND RELIABILITY STANDARDS DEPARTMENTS

The overarching goal for the Process Integrity Group in 2024 is a continuation of compliance support to the business units through standards development, compliance monitoring and oversight, and control program development and management.

In addition to identifying potential noncompliance instances and assisting mitigation as quickly as possible, SPP's compliance and reliability standards staff will strive to enhance Organizational Readiness, Grid of the Future, Western Services Expansion, and Right Technology by:

- Continuing to mature the controls program to expand and improve:
 - Control documentation and procedures.
 - Control design assessment and testing procedures.
 - Control consistency across business unit functions.
- Providing for enhanced visibility and performance measures:
 - Benchmark of compliance and controls program maturity.

- Identification of recommendations and a roadmap to enhance future maturation of the compliance and reliability standards department processes.
 - Complete the catalog of NERC compliance-related controls in the Governance, Risk and Compliance (GRC) tool.
 - Testing and monitoring of controls identified in support of NERC Reliability Standards compliance assurance.
 - Identification of performance metrics with SPP executives and Oversight Committee that will allow compliance management to track program maturation to a future, desired state.
- Continued engagement with WECC regulators and stakeholders to enhance compliance perspective relative to SPP expansion efforts for NERC registrations and services provided in WECC (West Services Expansion).
 - Working closely with business units in the development and implementation of new and changing NERC Reliability Standards projects, especially those that encompass aspects of Grid of the Future and Right Technology initiatives.
 - Tracking and actively participating in NERC standards development projects to provide reasonable assurance of compliance.
 - Engaging in industry initiatives to identify compliance-related risks, especially those associated with the effects of the changing grid and emerging technologies (e.g., [FERC](#), NERC, Midwest Reliability Organization (MRO), WECC and others).

INTERREGIONAL AFFAIRS FOCUS ON STANDARDS DEVELOPMENT

Interregional Affairs' approach to standards development at NERC and NAESB relies on collaborative efforts both internally with SPP staff and members and externally with other industry participants. Staff engages in these forums at the highest levels of leadership to share SPP's unique perspectives and policy guidance that are informed by SPP's responsibilities for reliability, transmission tariff compliance and the Strategic Opportunity - Grid of the Future.

SPP is geographically and strategically situated to be a staging ground for new technologies in wind, solar, battery and distributed energy resources – all activities NERC and NAESB are currently addressing. For the SPP Aspire 2026 objective to making high-quality decisions, IA advises on potential impacts associated with ongoing activities that can affect SPP compliance and costs at external standards forums.

The department forms a conduit to shape policy decisions at NERC and NAESB for development of [continent-wide](#) standards and business practices beneficial to SPP. Participation in the ISO RTO Council is a key mechanism to leverage these standards forums. Collaboration with

members of the ISO RTO Council is an effective and efficient use of industry expertise and knowledge and provides member value.

Initiatives undertaken by the compliance group staff that focus on the Right Technology Enabling Capability and Grid of the Future opportunity are the continuation of engagement in industry forums, standards development, and other opportunities as FERC, NERC, MRO and WECC address emerging technologies and changing risks as they pertain to SPP's compliance obligations to NERC Reliability Standards.

Compliance group staff will increase its presence and engagement in WECC working groups, committees, and other opportunities, especially as they pertain to increasing services in the Western Interconnection and SPP's Western Services expansion efforts.

COMPLIANCE AND RELIABILITY STANDARDS DEPARTMENTS

The efforts continue toward reaching desired maturation levels of SPP's Internal Compliance Program (ICP) and supporting controls program. Measurements of increasing maturation, implementation of identified roadmap initiatives, and development and reporting of other performance metrics will provide appropriate measurements of the steps taken to mature the group's staff and processes.

With respect to FERC, NERC, MRO and WECC activities, SPP will continue to track its engagement with industry efforts (such as standards development, working groups, committees, and task forces) to ensure as much as possible that SPP is appropriately aligned with those efforts.

Staff will report to executives and the SPP Oversight Committee on the activities and progress along these fronts on a regular basis.

NERC AND NAESB STANDARDS

Successful adoption and positive outcomes of NERC and NAESB activities in 2024 include: progress towards adoption of NERC standards for Energy Assurance and modeling of Inverter-Based Resources for fault ride through capability; ISO RTO Council support for NAESB gas-electric coordination related activities; and, ISO RTO Council support for SPP-led comments to the NERC Members Representative Committee for guidance to NERC Board and Executives.

Initiatives undertaken by the Interregional Affairs staff focusing on the Grid of the Future opportunity and winter weather improvements include continued short-term and long-term engagement in NERC and NAESB Standards Development activities.

REGULATORY

The regulatory department has four main priorities: tariff administration, outreach (federal and state), education and monitoring of regulatory agencies (federal and state). Due to SPP's

anticipated growth, new [FERC](#) initiatives, required changes to SPP's Open Access Transmission Tariff and tariff administration, regulatory responsibilities have been steadily increasing. SPP combines outreach, education and monitoring efforts with [FERC](#), state commissions and other interested stakeholders.

In addition to facilitating the important work of the Regional State Committee and the Cost Allocation Working Group, SPP provides presentations to state commissions within the footprint to ensure they are aware of current SPP activities. The turnover on state commissions is high, requiring SPP to be constantly engaged in education efforts of new committee and working group members. In addition, SPP's proposed expansion to the Western Interconnection has increased the number of states to monitor. SPP is engaged in outreach to the four states where expansion is currently proposed (Montana, Utah, Colorado and Wyoming) while educating interested entities and other western state commissions on SPP's Western Energy Services.

As Markets+ is being developed, western commissions have an opportunity to provide input through the Markets+ State Committee (MSC). The MSC was established in April 2023. SPP is engaged in supporting the MSC through education efforts of SPP and the development of the western day-ahead market.

SPP's responsibilities for outreach, education and monitoring on the federal level are focused primarily on [FERC](#), but with the recent passage of legislation, including the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, there is added focus on the Department of Energy and its efforts to facilitate the building of transmission lines. In addition, the Environmental Protection Agency ([EPA](#)) recently finalized its "Good Neighbor" plan to address regional ozone transport for the 2015 Ozone National Ambient Air Quality Standards. SPP has been reviewing [EPA](#)'s actions and communicating with the [EPA](#) to determine the effect on resources within the SPP footprint to maintain reliability under normal and extreme weather conditions.

The [FERC](#) – NARUC Joint Task Force Meetings on Transmission have continued to discuss topics important to SPP stakeholders, and these meetings have highlighted the importance of SPP's stakeholder process in regional planning and building transmission. With the increased focus at [FERC](#), in Congress, and at the state level of ensuring reliability during extreme weather and the clean energy transition, SPP's regulatory department expects increased engagement with all of SPP's stakeholders.

HUMAN CAPITAL

The Human Capital organization supports the Organizational Readiness and Diversity, Equity, and Inclusion enabling capabilities through talent acquisition and human resources business practices, talent management and learning and development, while using a combination of technology, data management and repeatable processes to meet the current and future development needs of the company and employees.

The Human Resources (HR), Learning and Development, and DEI departments report to the Vice President of Human Capital & Chief People Officer. The organization supports SPP's Aspire 2026 Strategic Plan by delivering programs aimed at attracting, engaging, developing and retaining an exceptional, diverse and inclusive workforce.

While the Human Capital organization has a clear line of sight to the Organizational Readiness, and Diversity, Equity and Inclusion Enabling Capabilities of the SPP Mission and Vision, it is understood that people deliver SPP functions and services and it is Human Capital's role to support all employees, both individual contributors and management, in their respective efforts to achieve the corporate mission and vision.

Key deliverables will focus on four areas:

- Diversity, Equity & Inclusion (DEI) and the employee experience
- Talent Acquisition, Benefits and HR Business Practices
- Learning and Development (L&D)
- Other Corporate Services

While these deliverables are consistent with the ongoing focus of the Human Capital organization, each team within the Human Capital organization is reviewing and updating processes to create efficiencies and ensure alignment with all components of the 2024 Operating Plan.

DIVERSITY, EQUITY & INCLUSION (DEI) AND THE EMPLOYEE EXPERIENCE

SPP's DEI efforts span organization-wide with the intent of creating a workplace where every employee has a sense of belonging regardless of their diverse attributes such as race, gender, age, religion, sexual orientation, socioeconomic status or mental and physical conditions. For 2024, we plan to move the needle by:

- Working with management to embed and promote DEI principles throughout SPP's policies, procedures, processes, and practices,
- Using a DEI lens to address recruitment, compensation, training, and career opportunities,
- Designing employee experience and engagement programs and activities that build culture, community, purpose, and belonging,
- Highlighting DEI's business imperative and using data to show DEI's impact on productivity, creativity, innovation and retention.

TALENT ACQUISITION, BENEFITS AND HR BUSINESS PRACTICES

The talent acquisition and HR business practices teams manage the complete employee life cycle - from recruitment to compensation, to benefits, and employee communication. We focus on developing strategies to source talent to meet business needs, managing HR systems, ensuring SPP's compensation philosophy is upheld and competitive and connecting with employees and management. For 2024, we will advance our efforts by:

- Continuing enhancements/usability of annual Performance Review process,
- Completing the annual Affirmative Action Plan,
- Continuing monthly benefits communication,
- Assessing market pricing for job roles using external compensation data points,
- Increasing usability of UKG functionality,
- Continuing process improvement efforts to maintain a time-to-hire average of 45 days, or less,
- Monitoring applicant flow and developing a plan for continuous improvement,
- Tracking the use of pool positions and providing monthly reporting,
- Maintaining market pricing documentation,
- Completing Phase 2 of the Career Ladder Project, including defined job levels for non-management job roles,
- Tracking disciplinary actions and coordinating with FMLA activity,
- Developing a strategy for increased hiring needs associated with SPP's westward expansion.

LEARNING AND DEVELOPMENT (L&D)

The L&D Department offers training and development programs in order to equip new employees, individual contributors and management with the technical and business skills needed to support them in their job role, as well as support SPP's culture, mission and vision. L&D programs are tied to SPP competencies and the enabling capabilities of the strategic plan. For 2024, we will make progress toward our goals by:

- Delivering the Core Excellence Leadership Program,
- Executing employee development training: Camp Productivity, Camp Communicate, Camp Collaborate, Camp Elevate, Camp Discover,

- Creating a career development program plan,
- Completing the rollout of StrengthFinders talent assessment and training,
- Delivering management training: Behavioral Interviewing eLearning, CliftonStrengths training, Welcome to Management, Principles of Management, and Adaptive Management Strategies for Success,
- Continuing succession planning activities.

OTHER CORPORATE SERVICES

Other corporate services support the executive functions of our organization; we will maintain quality and support for the following activities for 2024:

- Board Liaison
- External Meeting Planning
- Officer Support
- Executive Communication

STAFF CAPACITY PLANNING

To mitigate risk, enhance the health of the organization and increase success rates of production and enhancement work, SPP will require additional staffing in 2024. SPP leadership has performed a bottom-up approach to staff capacity planning and identified common themes across departments driving the need for additional staffing, including but not limited to: the loss of critical experienced staff with SPP and industry knowledge and skills, increased focus on risk mitigation to the organization's most critical identified risks, delivering additional member value, increasing complexity of tariff required functions, renewing critical staff bench strength throughout the organization, and implementation of the Aspire 2026 Strategic Plan.

There have been several impactful changes since the 2023 budget cycle which dictate the need for the previous and current incremental headcount requests, including:

1. December 2022 Winter Storm Elliott
2. Elevating Resource Adequacy to a top corporate risk
3. Categorizing SPP's top five goals in priority order:
 - a. Grid Resilience
 - b. Resource Adequacy
 - c. Enterprise Risk Management
 - d. Clearing GI Queue
 - e. Movement on the Strategic Plan
4. Future Grid Strategy Advisory Group report and 32 recommendations
5. SPP's corporate roadmap Strategic Initiative Requests increase from 486 to 584.

STAFF CAPACITY LIMITATIONS

SPP continues to measure staff capacity for all departments as compared to the volume of work and deliverables as identified by SPP's directors. This significant volume of work has been derived from:

- SPP's recommended project portfolio that has more than 78 enterprise programs and projects
- SPP's strategic plan, ASPIRE 2026, which includes 20 strategic initiatives, and
- SPP's day-to-day functional processes and deliverables required to support existing tariff requirements and to "keep the lights on."

The level of effort estimated for 2024 and the near future to maintain grid reliability and meet member and regulatory demands has been likened to the Integrated Marketplace period where staff resources were heavily utilized and required to quickly enhance their knowledge and work efficiency to accomplish all assigned tasks. These estimated efforts do not include placeholders for unknown or unidentified work, which can often arise from regulators, stakeholders or other external (and internal) sources.

Primary facets of SPP's business, supply, demand, and delivery are becoming exponentially more complex. The nature of the incremental work brings additional complexity, by layering new, unique, and additional and overlapping business considerations and functions on top of existing structured tariff-required functions. There has been a significant loss of experience, knowledge, and skills at key positions over the past few years. These departures have created unique challenges. Past efforts to overcome periods of incremental workload have leveraged very knowledgeable and skilled staff, allowing for the development of complex approaches and helping to minimize overall impact to staff and the success of various initiatives. There continues to be an order of magnitude increase in complexity and workload required in the organization and throughout the industry. Though necessary for the long-term health of the organization, the right technologies and future grid initiatives are examples of the origin of complications inserted in both current and future work.

SPP initiated a new staff capacity methodology that classifies identified work into two categories: "CHANGE" and "RUN." CHANGE refers to initiatives, programs and projects typically with a finite duration and specific deliverables. RUN is typically referred to as "keeping the lights on" or routine processes, procedures and deliverables. Over the last few years, it has become evident that these two types of work are not independent or mutually exclusive, but generally have a relationship where change work, such as enhancements, development and expansion, leads to incremental RUN work, requiring maintenance, compliance and process improvements. Think of the phrase: "where CHANGE ends, RUN begins."

The 2021 winter weather event spawned multiple regulatory inquiries, internal investigations, and system/process enhancements. Improvement projects arising from that event were initiated

immediately after the event, requiring significant effort from staff. Those projects have either been delivered or are ongoing efforts. As a result, day-to-day monitoring of the grid has required more effort with respects to voltage, and reactive and frequency support. System planning has become more complex with respect to resource availability and seams relationships, and the technology team has added responsibilities for supporting these robust enhancements. In December 2022, SPP experienced Winter Storm Elliott, another event contributing to the need to add high-quality and culture-advancing staff.

As staffing requirements increase in functional areas such as Operations, Markets, and Engineering, support departments have a growth attach rate that must be recognized. Incremental support staffing is required to support SPP CHANGE and RUN work due to required high-priority initiatives such as Consolidated Planning Process or GI mitigation.

Both the capacity exercise and the incremental staff justifications indicate that not only is the significant volume of change deliverables driving the need for additional resources, but the capacity requirements for RUN activity have been steadily increasing in volume and complexity. Results from the staff capacity exercise indicate that current staffing levels are inadequate to complete all identified CHANGE and RUN work in the near and future term.

RISK MITIGATION

Increased enterprise focus on risk identification and mitigation has been identified as a driver for incremental positions in the recommended project portfolio. As discussed above, many of the strategic initiatives, projects and regulatory recommendations are undertaken almost specifically to reduce operational, compliance, financial and other types of risks. For example, enhancements from the 2021 winter weather event were designed to provide more transmission system visibility and effective event preparation/management, further reducing the risks of potential damage from severe weather events. Resource Adequacy has been added and elevated to be one of the highest corporate risks, along with Cybersecurity.

A few of the other risk mitigation examples identified in the incremental staffing justifications include:

- 1) Achieving “seamless” boundaries and optimizing seams that will help further reduce the risks of impact from outages, weather and other adverse transmission system events;
- 2) Ensuring appropriate staffing levels and cross-training to help reduce the potential for key employee burnout leading to turnover, and over-utilization; and
- 3) Improving model coordination, timeliness, and accuracy for both east and west interconnections (and ties) to reduce impacts associated with inaccuracies and latency in the planning and operations teams.

Other business alternatives to incremental staffing for risk mitigation purposes have also been explored. Outsourcing of the work identified in the staff capacity exercise has been vetted by the director team. Most directors have determined that keeping institutional knowledge within

SPP's employee base is critical for short and long-term success and that the cost differential typically favors the hiring of full-time employees. Outsourcing, when feasible and economically advantageous, will be utilized to achieve identified goals and deliverables.

Other alternatives discussed were the potential for delaying certain stakeholder initiatives, postponing scheduled cost-saving projects, and absorbing some amount of the additional identified risks. Ultimately, these alternatives were determined to be unhealthy for SPP's short and long-term goals and would exacerbate the very risks that are intended to be mitigated by adopting this staffing plan.

BUILDING AND RENEWING BENCH STRENGTH

The actions taken by SPP leadership to hire incremental FTEs in both 2022 and 2023, as well as increase salaries commensurate with market adjustments, has led to desired outcomes. There was a pent-up demand for headcount in 2022 that was addressed in the 2023 Budget. Directors believe this staffing increase has had a significant impact on SPP's turnover rate as it peaked at 10% in 2022 and is now tracking at approximately 7% in 2023. SPP's annual turnover has slowed in 2023, and while work continues to increase, SPP is maintaining cautiously optimistic trajectories of success on most 2023 corporate goals. However, the incremental headcounts requested for 2024 both increase the health of various departments, while ensuring success of added projects and initiatives.

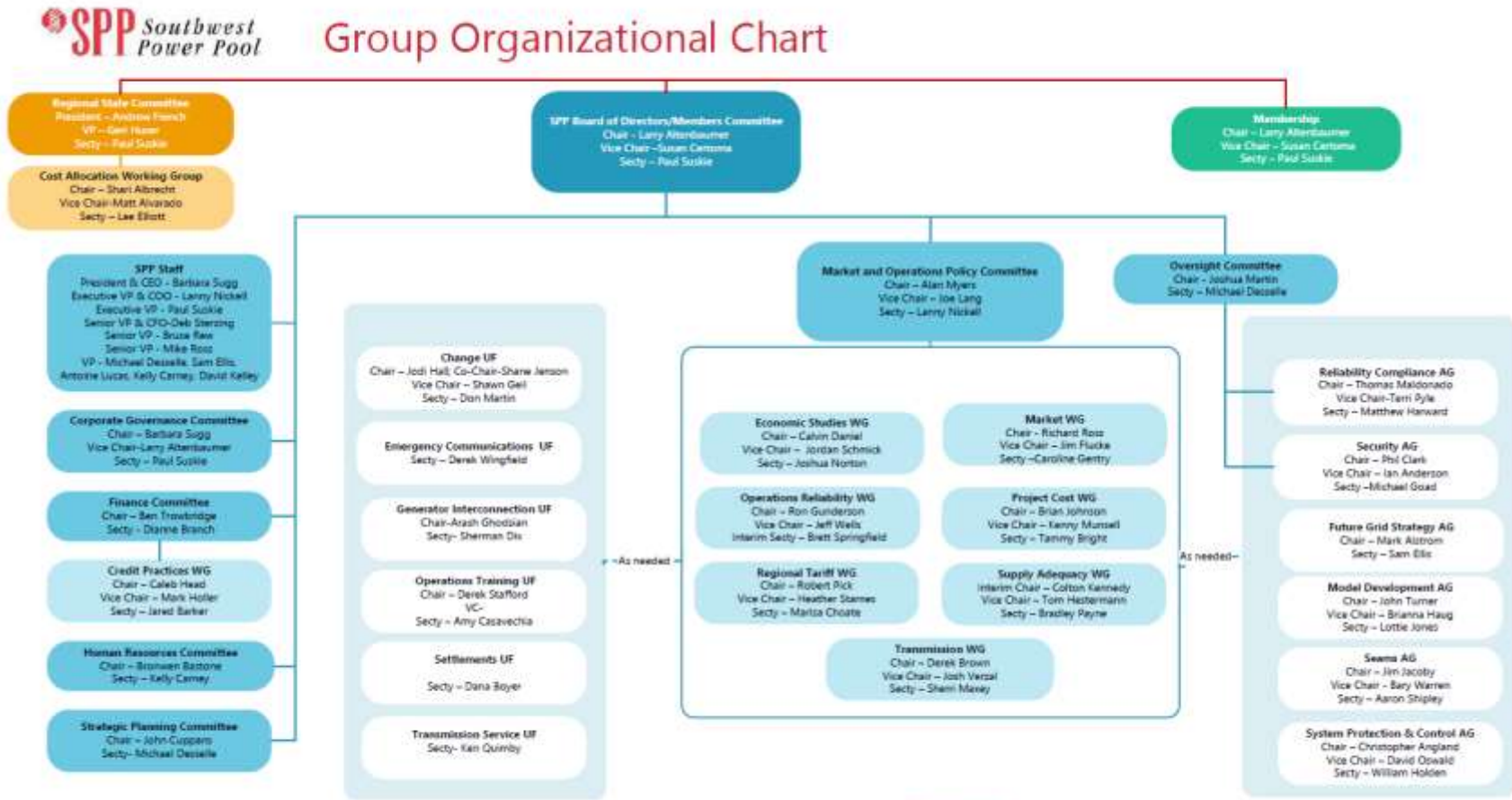
The building and development of additional bench strength should not be thought of as a succession planning exercise, but rather as ensuring that SPP's staffing levels can successfully support and foster short, mid, and long-term goals, objectives and growth. As each aspect of SPP's business continues to become more complex and intertwined, staff will also need continued development of skillsets, institutional knowledge and business relationships in order to be successful. Acquiring and developing staff with these attributes has always been a hallmark of SPP's success and remains just as critical today in a much different and ever evolving industry and workforce environment.

2024-2026 RECOMMENDED PROJECTS AND PROGRAMS

SPP’s Project Review and Prioritization Committee (PRPC) assessed the current portfolio on the merits of strategic plan alignment, member value, resource availability, and risk. The portfolio review included in-flight projects and newly requested projects and programs. Based upon that analysis, the PRPC is recommending the following portfolio of projects and programs for consideration in the 2024-2026 budget planning cycle. The recommended portfolio includes those efforts that require further direction from FERC prior to initiation. The portfolio does not include known efforts that have not been submitted and evaluated through the current project review process. As those efforts materialize, they will be evaluated and staged for work during the year, as deemed appropriate.

Recommended Program/Projects *	
HITT Program (6)	AWS MVP1 & SmartQ Automation for GI Studies
WWE Tier 1 Improvements (2)	Mobile App Development
M365 Program (6)	Implement Gurobi for MCE
FERC Order 881 Program (7)	ERP System for Generator Interconnection
Script Program (7)	Remedy Upgrade to Containerized Version
WPP WRAP Implementation Program (3)	MOD Upgrade (Rel. 11.2) and PSSE Upgrade (v35)
RTO West Expansion Program (9)	Congestion Hedging Application Tool
Markets+ Phase 1 Program	IM Markets User Interface Replacement
Markets+ Phase 2 Program (11)	Electric Storage Resources and Hybrid Resources
ICCP Upgrade Phase II - East/West Split	IAM Deployment & Integration
Storage As Transmission Only Asset	Order 2222 Implementation **
Multi-Day Unit Commitment Product	Z2 Remand Order **
M1 Improve Congestion Hedging	Freeze Date Replacement **
Executing	* Number in () represents # of projects within program
Planned/Not Started	** Start dates contingent upon FERC approval

APPENDIX 1: SPP WORKING GROUPS



Updated 8/25/2023

APPENDIX 2: SPP STAFF ORGANIZATION

