

GUIDING PRINCIPLES AND EVALUATION CRITERIA OF THE MARKETS+ STATE COMMITTEE

On November 30, 2022, SPP issued a draft proposal for a Western Day-Ahead Market and Related Services commonly referred to as Markets+. See *Final Markets+ Proposal* at <https://www.spp.org/media/1979/spp-markets-plus-proposal.pdf>.

This Market+ proposal is the culmination of a stakeholder process conducted throughout much of 2022. State regulators monitored and contributed to that process, as evidenced by the Multi-State Electric Organization Principles released to all entities on April 18, 2022. See *Multi-State Governance Principles* at <https://www.westernenergyboard.org/wp-content/uploads/Multistate-Governance-Principles-4-25-22.pdf>.

On April 18-19, 2023, another stakeholder effort was initiated to consider the Markets+ Proposal and to draft tariff language. The current timeline proposes that SPP will submit a Markets+ tariff to FERC before early 2024.

The state regulators' participatory role in this second effort was formalized with the creation of the Markets+ State Committee (MSC). According to the MSC Charter, the MSC's role is to provide state perspectives on pertinent matters related to the day-ahead tariff development and "effectively engage state members in the development and operation of Markets+ and to provide direction and input to the Markets+ Independent Panel (MIP), Markets+ Participant Executive Committee (MPEC), and any working group or task force on all matters deemed pertinent by the MSC and its members, including but not limited to initiative prioritization, market operations, and policy issues." See *MSC Charter* at <https://www.westernenergyboard.org/wp-content/uploads/MSC-Charter.pdf>.

In addition to the role stated in the MSC Charter, state utility regulators have an overall obligation to evaluate whether any final draft Markets+ tariff is in the public interest for their respective states. Accordingly, and to help guide the MSC's participation in the Markets+ development process the MSC wishes to articulate the following principles and evaluation criteria upon which state regulators will review any final draft Markets+ tariff language:

1. The tariff must provide meaningful and measurable benefits to customers, in the form of lower costs, enhanced system reliability and resilience, and a more efficient grid.
2. The tariff must enable the timely and effective addition of new technologies, such as battery storage, expanded demand response and other resources critical to grid stability in this time of transition.
3. The tariff must provide transparent market pricing including appropriate market power mitigation, fair compensation for resources' attributes and minimal curtailment of least cost resources.

4. Subject to conventional data security concerns, the tariff must give states visibility into pricing determinations as well as unfettered access to the Independent Market Monitor.
5. The management and implementation of the tariff must reflect broad input from stakeholders engaged in the West's bilateral and organized electricity markets.
6. The tariff must be respectful of state authority, responsibility, and policies and support diverse state policy mandates in the Western electricity grid. Any additional costs related to such policies and mandates should remain within that state.
7. The tariff must provide fair and equitable treatment of IOU, public power and non-jurisdictional participants, whether transmission owners or transmission customers, load serving entities or generation providers
8. The tariff must be flexible enough to accommodate changes and emergencies effectively, while protecting the grid from the most significant risks.
9. The tariff must support the meaningful participation of consumer representatives and other key stakeholders.
10. The tariff must facilitate a day-ahead market that optimizes economic dispatch through maximized and predictable use of available transmission and generation capacity.

Before making any determination on the merits of any Markets+ tariff, the MSC will consult with and seek the input of other state representatives, including governors, state energy offices, consumer representatives, and environmental agencies, key stakeholders from their respective states as well as thought leaders with informed perspectives on the regional markets in the West.

The principles and evaluation criteria above are broad to promote inclusiveness in governance, fairness in balancing and representing diverse interests, and ongoing responsiveness of any regional market to all stakeholders, including and particularly states. Furthermore, the principles are intended to be applicable to the question of how any proposed tariff affects the region, any individual state, any market participant and most importantly all electricity consumers in the MSC states, regardless of whether they are served by a rate-regulated utility or not.

These principles are not intended to imply support for any specific multi-state electric organization or regionalization effort.

The MSC may also raise additional concerns, take individual positions when necessary, or otherwise qualify their support. Additionally, each individual Commission will decide questions before them based on the records developed in their own proceedings and under their unique statutory construct.