

# SPP ROADMAP INITIATIVE COMMENT FORM

This form is to add comments to submitted SPP Roadmap Initiatives.

All fields must be answered completely; incomplete forms will be returned to the requestor. Forms should be submitted to the [SPP Request Management System](#) (RMS) using the "SPP Roadmap" quickpick. SPP staff will review the comments and post to SPP.org within five (5) business days.

If you have supporting documentation for your submission, such as analysis, a presentation or white paper, please attach it to the RMS ticket.

Please direct any questions to [strategicservices@spp.org](mailto:strategicservices@spp.org).

## COMMENT SUBMITTER INFORMATION

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## SPP INITIATIVE COMMENTS

**SIR Number:** SIR325

**Initiative Name:** Consider Limitations on Virtual Trading During Emergency Conditions

**Comment Submission Date:** 12/22/2023

**Comments:** Solea Energy opposes limitation on virtual trading during emergency conditions. As noted by SPP in its 2021 MMU winter weather event analysis, virtual trading drives price convergence. Price convergence indicates that the market is performing effectively. The fact that virtual positions made a profit during the extreme weather event does not indicate that there is a problem with virtual trading – the market worked as intended, signals were sent to communicate real-time uncertainty and the need for more generation during extreme cold weather and unexpected outages. Virtuals can support the market by providing certainty – they limit price exposure for utilities and load serving entities by transferring risk from one entity to another. The virtual profit represents the risk premium the market is willing to pay to transfer the risk (much like the insurance industry). Finally, virtuals ensure appropriate action within the market by creating competition and providing liquidity. Limitations will reduce competition and negatively impact the health of the market. With virtual market participation, units are dispatched in merit order and the most expensive units may not run as they are offset by virtuals willing to take on the risk as noted above. Virtual transactions resulted in lower production costs during the extreme weather event.