April 17, 2024

The Honorable Debbie-Anne A. Reese
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *Southwest Power Pool, Inc.*, Docket No. ER24-____-000
Submission of Tariff Revisions to Implement Congestion Hedging Improvements

Dear Acting Secretary Reese:

Pursuant to Section 205 of the Federal Power Act ("FPA"), 16 U.S.C. § 824d, and Section 35.13 of the Federal Energy Regulatory Commission's ("Commission") Regulations, 18 C.F.R. § 35.13, Southwest Power Pool, Inc. ("SPP"), as authorized by its independent Board of Directors, submits revisions to Attachment AE of SPP's Open Access Transmission Tariff ("Tariff")[1] to implement congestion hedging improvements.

SPP is requesting that the Commission issue an order in this docket as soon as practicable, but not later than July 17, 2024, which is approximately 90 days after submission of this filing. SPP requests an effective date of "12/31/9998"[2] for the Tariff Records submitted in this filing in order to allow SPP staff to develop, test, and move the proposed revisions into the production phase of SPP's software systems. SPP will submit a filing with the Commission specifying a precise effective date prior to implementation. SPP will work as quickly as practicable to technologically implement the Tariff revisions proposed herein. As of the date of this filing, implementation is targeted for January 2025 so it can be implemented for the next annual Transmission Congestion Right ("TCR") Markets ("TCR Markets").

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1 Southwest Power Pool, Inc., Open Access Transmission Tariff, Sixth Revised Volume No. 1. References in this filing to "Tariff" refer to the version of SPP's Tariff currently in effect. "Proposed Tariff" refers to a version reflecting the revisions proposed in this filing. All capitalized terms not otherwise defined in this filing shall have the definitions assigned by the Tariff.

2 *See, e.g.*, Implementation Guide for Electronic Filing of Parts 35, 154, 284, 300, and 341 Tariff Filings at 10 (Nov. 14, 2016) ("If the effective date is not known at the time of the filing, such as the effective date is contingent on FERC approval . . . the date of 12/31/9998 must be used.").

SPP respectfully requests waiver of the Commission's timing requirements to allow these tariff revisions to be effective more than 120 days after the date of filing.

I. BACKGROUND

A. SPP

SPP is a Commission-approved Regional Transmission Organization ("RTO").[3] It is an Arkansas non-profit corporation with its principal place of business in Little Rock, Arkansas. SPP currently has 111 members, including 16 investor-owned utilities, 13 municipal systems, 22 generation and transmission cooperatives, 6 state agencies, 21 independent power producers, 10 power marketers, 13 independent transmission companies, 1 federal agency, 4 large retail customers, 2 alternative power entities, and 3 public interest entities. As an RTO, SPP: (1) administers, across the facilities of SPP's Transmission Owners, open access transmission service over approximately 72,000 miles of transmission lines covering portions of Arkansas, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming; and (2) administers the Integrated Marketplace, a centralized day-ahead and real-time Energy and Operating Reserve market with locational marginal pricing and market-based congestion management.[4]

B. Stakeholder Approval

In light of the many challenges and opportunities facing the SPP Region, in March 2018, the SPP Board of Directors ("Board") and Members Committee created the Holistic Integrated Tariff Team ("HITT") to comprehensively review SPP's tariff policies. The SPP Board appointed 15 stakeholders to the HITT, including Board members, state regulators, and representatives of diverse sectors within SPP's membership. The HITT's purpose was to make high-level policy recommendations needed to assure continued reliable and cost-effective delivery of electricity to end-use customers.

The HITT conducted 17 meetings between April 2018 and June 2019, during which it held educational sessions, reviewed numerous requests for information, and heard stakeholder presentations before drafting comprehensive recommendations.

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3 *See Sw. Power Pool, Inc.*, 109 FERC ¶ 61,009 (2004), *order on reh'g*, 110 FERC ¶ 61,137 (2005).

4 *Sw. Power Pool, Inc.*, 146 FERC ¶ 61,130 (2014) (order approving the start-up and operation of the Integrated Marketplace effective March 1, 2014).

During the early HITT meetings, the HITT developed the following specific goals based on its mandate from the SPP Board:

- Develop a high-level policy recommendation as to how SPP can align its transmission planning processes and resource adequacy needs with SPP's Integrated Marketplace and Tariff requirements. (Issue 1A)
- Review existing transmission cost allocation methodologies in light of Integrated Marketplace implementation and significant changes in generating resources. Upon completing the review, and in consideration of recommendations from the HITT for Issue 1A, the team will develop any needed high-level cost allocation policy recommendations for consideration by the Regional State Committee ("RSC") and/or Cost Allocation Working Group ("CAWG"). (Issue 1B)
- Develop a holistic understanding of SPP's Integrated Marketplace and the essential services needed for the region in light of significant changes in generating resources and developing technology. Additionally, develop a better understanding of market products in other regions/markets. Upon obtaining this understanding, develop high-level policy recommendations as to how to enhance SPP's Integrated Marketplace and Tariff requirements. (Issue 2)
- Review potential load growth opportunities for the SPP Region and make recommendations as to how SPP can assist member companies in realizing load growth. After completing the review, the HITT will develop high-level policy recommendations as to how SPP can enhance or change existing processes, including Attachment AQ studies, to help facilitate load growth opportunities in the SPP Region. (Issue 3).

Using these goals as a guide, the team considered a wide range of potential recommendations using an interdependencies matrix depicting how each recommendation is interrelated with SPP's functions and processes.[5] The HITT coordinated its efforts to gain synergies and support from, rather than interfering with, the activities of other SPP working groups.

In July 2019, at the conclusion of more than a year's work, the HITT presented 21 high-level recommendations in four categories[6] for the SPP Board's consideration. The HITT Report detailing the recommendations is a product of collaboration and

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[5] *See* Southwest Power Pool, Inc., Holistic Integrated Tariff Team Report, dated July 23, 2019 ("HITT Report") at Appendix 4. The HITT Report is posted on SPP's website at: https://spp.org/documents/60372/hitt%20report%2020190730.pdf.

[6] The four categories are: reliability, marketplace enhancements, transmission planning and cost allocation, and strategic.

negotiation and is a result of the SPP stakeholder process. All recommendations had majority support among SPP's stakeholders serving on the HITT and many had broad support. The SPP Board approved the HITT report and recommendations on July 30, 2019.[7]

SPP's present filing is the result of the HITT M1 initiative. These proposed Tariff revisions were reviewed and approved through the SPP stakeholder process, including a meeting of the MWG on December 12-13, 2023;[8] a meeting of the Regional Tariff Working Group ("RTWG") on December 14, 2023;[9] a meeting of the Cost Allocation Working Group ("CAWG") on January 9, 2024;[10] a meeting of the Markets

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[7] *See* Board of Directors/Members Committee Meeting Minutes No. 185, dated July 30, 2019, at Agenda Item 5 posted at: https://spp.org/documents/60364/bod-mc%20minutes%20&%20attachments%2020190730.pdf.

[8] *See* MWG Minutes, dated December 12-13, 2023, at Agenda Item 9 posted at: https://www.spp.org/documents/70826/mwg%20minutes%2020231212-13.pdf. The MWG develops and oversees policies and procedures related to the Integrated Marketplace protocols that define SPP's wholesale markets, including energy and operating reserve, congestion management, congestion hedging, demand response and market power mitigation. The MWG proposes changes to the SPP Tariff and other governing documents to implement suggested market changes.

[9] *See* RTWG Minutes, dated December 14, 2023, at Agenda Item 12 posted at: https://www.spp.org/documents/70840/rtwg%20minutes%2020231214.pdf. The RTWG develops, implements and oversees SPP's Open Access Transmission Tariff. The RTWG provides input on regulatory or implementation issues not specifically covered by the tariff and issues where there may be conflicting or differing interpretations of the Tariff.

[10] *See* CAWG Meeting Minutes, dated January 9, 2024, at Agenda Item 5 posted at: https://www.spp.org/documents/70923/cawg%20jan%209%202024%20minutes%20_draft.pdf. The CAWG reports to the Regional State Committee ("RSC"), and assists the RSC in addressing matters for which the RSC has primary responsibility as defined in Section 7.2 of the SPP Bylaws. *See* Southwest Power Pool, Inc., Bylaws, First Revised Volume No. 4 at Section 7.2. In addition, the CAWG will assist the RSC in addressing any other issues as requested by the RSC.

and Operations Policy Committee ("MOPC") on January 16-17, 2024;[11] and a meeting of the Regional State Committee ("RSC") on February 5, 2024.[12] The SPP Board approved the proposed revisions at its meeting on February 6, 2024.[13] While SPP recognizes that stakeholder approval does not by itself cause a filing to be just and reasonable, SPP requests that the Commission extend appropriate deference to the wishes of SPP's stakeholders, consistent with Commission precedent.[14]

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11 *See* MOPC Meeting Minutes, dated January 16-17, 2024, at Agenda Item 8.a posted at: https://www.spp.org/documents/70957/2024-01-16%20mopc%20minutes.pdf. The MOPC consists of a representative officer or employee from each SPP Member and reports to the SPP Board. Its responsibilities include recommending modifications to the SPP Tariff. *See* Southwest Power Pool, Inc., Bylaws, First Revised Volume No. 4 at Section 6.1.

12 *See* RSC Meeting Minutes, dated February 5, 2024, at Agenda Item 5a posted at: https://www.spp.org/documents/71110/draft%20rsc%20minutes%20february%202024%20final.pdf. The SPP RSC provides collective state regulatory agency input on matters of regional importance related to the development and operation of bulk electric transmission. The SPP RSC is comprised of retail regulatory commissioners from agencies in Arkansas, Iowa, Kansas, Louisiana, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota and Texas.

13 *See* Board of Directors/Members Committee Meeting Minutes No. 209, dated February 6, 2024, at Agenda Item 3.i posted at: https://www.spp.org/documents/71122/bod%20mc%20minutes%2020240206.pdf.

14 The Commission has previously recognized that provisions approved through RTO stakeholder processes are due deference. *See Sw. Power Pool, Inc.*, 127 FERC ¶ 61,283, at P 33 (2009) (noting that the Commission "accord[s] an appropriate degree of deference to RTO stakeholder processes"); *New Eng. Power Pool*, 105 FERC ¶ 61,300, at P 34 (2003) (Commission approval of transmission cost allocation proposal based upon an extensive and thorough stakeholder process); *Policy Statement Regarding Regional Transmission Groups*, 1991-1996 FERC Stats. & Regs., Preambles ¶ 30,976, at 30,872 (1993) (the Commission will afford the appropriate degree of deference to the stakeholder approval process). The Commission's deference to RTO stakeholder processes has been upheld by the courts. *See Pub. Serv. Comm'n of Wis. v. FERC*, 545 F.3d 1058, 1062-63 (D.C. Cir. 2008) (noting the Commission often gives weight to RTO proposals that reflect the position of

II. PURPOSE AND JUSTIFICATION FOR PROPOSED TARIFF REVISIONS

A. Background

SPP's HITT M1 initiative sought to holistically examine congestion rights allocations and the cash flows therein to help equitably allocate congestion revenue. In the SPP Integrated Marketplace, transmission rights holders have three avenues to receive revenue based on grid congestion. The first is revenues from the auction of TCRs from awarded Auction Revenue Rights ("ARR"). The second is ownership of TCRs that settle in the Day-Ahead Market, either from converted Long-Term Congestion Rights ("LTCR"), Incremental Long-Term Congestion Rights ("ILTCR"), or ARRs. The third is excess auction revenue paid out to those entities that have the right to nominate ARRs.

To distribute these revenues, SPP works through processes of verification to determine who is eligible, nomination and feasibility testing for the rights allocations, and auctions to sell TCRs if so desired by the rights-holders. SPP proposes changes to these processes.

Market Participants with firm transmission rights spanning the entire period may nominate (*i.e.*, request to receive) those rights in the allocation processes. SPP bases its awards on the results of a Simultaneous Feasibility Test ("SFT") that is intended to limit over-awarding of congestion rights. The awards from the LTCR allocation are 100% converted to TCRs while the awards from the ARR allocation can be converted to TCRs or settled at the Auction Clearing Price ("ACP"). TCRs are settled in the Day-Ahead Market based on the congestion price differences between two points.

All awarded ARRs settle at the ACP. All ARRs are converted into TCRs or auctioned, and all winning auction bids and offers are awarded in the TCR auction. After proceeds from ARR-nominated TCRs are disbursed, either a surplus or an uplift remains. Allocation of surplus revenue is given regardless of ARR/TCR positions, so even if an Eligible Entity forgoes the ARR allocation and TCR auction, it could still receive surplus auction revenues. These surplus auction revenues are historically between $9 million and $277 million annually.[15]

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the majority of the RTO's stakeholders) (quoting *Am. Elec. Power Serv. Corp. v. Midwest Indep. Transmission Sys. Operator, Inc.*, 122 FERC ¶ 61,083, at P 172 (2008)).

[15] *See, e.g.* ECF/ARF – Funds Report, *available at*: https://portal.spp.org/pages/im-reports (navigate to the following location:

The HITT M1 initiative was tasked with improvements to SPP's congestion hedging processes, which included an investigation of the ability and sufficiency of firm transmission rights holders to receive congestion rights. Although firm transmission rights are equivalent for scheduling transmission service, these equivalent rights do not equate to equivalent access to congestion rights. In part because of flow patterns, SPP is able to sell far more MW of firm transmission than are simultaneously feasible and available for rights that convert to TCRs. Because of congestion patterns on SPP's Transmission System, many feasible transmission paths are not nominated by rights holders as they are too risky. Coupled with the effects of Section 217 of the FPA[16] granting long-term rights to entities that entered into SPP's market earlier, access to congestion rights revenues is not as equitable as it could be.

As a result, SPP seeks to improve the equity and fairness of access to congestion rights and surplus auction revenues to Eligible Entities.[17] Since some Eligible Entities received much greater disbursements than others, increasing congestion rights and surplus auction revenues for those currently receiving little would provide a greater boost to equity.

Figure 1 below describes roughly what making disbursements more equitable would look like. The y axis describes the award rate of LTCRs and ARRs and the x axis contains the individual market participants. Some Market Participants[18] receive a much higher LTCR/ARR award rate than others currently, and a more equitable outcome would be a more even distribution of the award rate for LTCRs/ARRs. The blue line represents what a more equitable outcome would look like.

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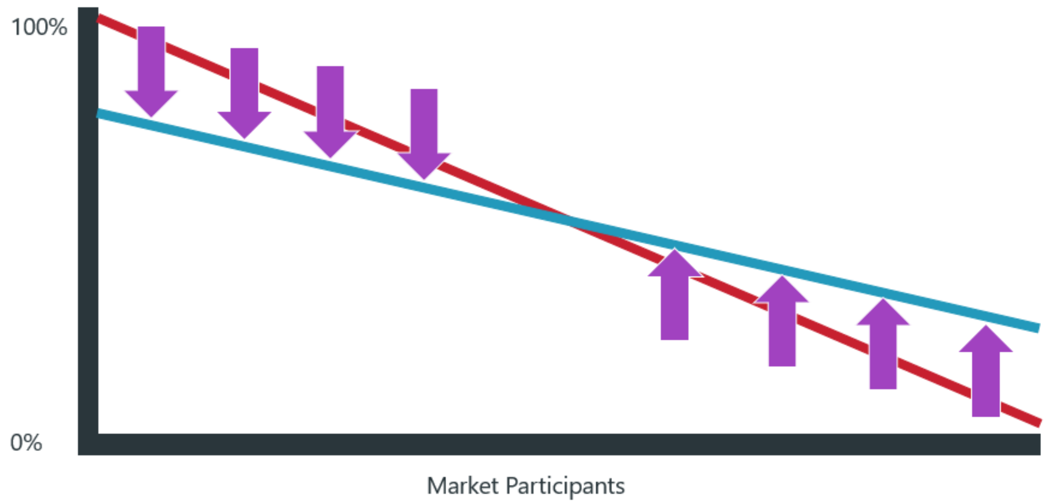
im-reports/archives/TCRARR, see file named TCRARR.xlsx_20240412_060409.zip).

16 16 U.S.C. § 824q.

17 An "Eligible Entity" is a Transmission Customer or Market Participant having firm SPP Transmission Service or firm non-SPP transmission service (referred to as a "grandfathered agreement" or "GFA") into, out of, within or through the SPP Region. In other words, any entity eligible for an ARR allocation. Tariff at Attachment AE, Section 1.1 E.

18 "Market Participant" and "Asset Owner" are two levels of granularity in SPP's Commercial Model. A Market Participant may have multiple Asset Owners. Although SPP details charges for Asset Owners, Market Participants are responsible for payments for all their Asset Owners. *See* Tariff at Part I, Section 1 Definitions M and Attachment AE, Section 1.1 A.

Figure 1: Graphical Representation of More Equitable Awards



B. Verification

The first piece of SPP's Proposed Tariff revisions helps better align the Network Models used in the SFT with the studies used to grant transmission service. Currently, SPP allows TSRs with a Settlement Location not tied to a Resource in SPP's Commercial Model to be verified and used for LTCR and ARR nominations. This means that some paths may not capture all the congestion, and it may also make paths look feasible that do not offset the congestion experienced by load. Currently, when transmission service reservation(s) do not have a specific Resource or Resource Hub in the Commercial Model, SPP uses the Point of Receipt ("POR") of the TSR, which is usually the load Settlement Location that most electrically corresponds to the source on the TSR as the source for candidate ARRs or LTCRs. SPP proposes to instead exclude TSRs that do not source at a Resource or a Resource Hub in the model. SPP will apply the same change when assessing GFA transmission rights.

To avoid penalizing TSR holders with this change, SPP will accommodate changes to TSRs so that they source at Resources in the Commercial Model or Resource Hubs in the Commercial Model and continue to be eligible for congestion rights. Although not a rate, term, or condition, that will appear in the Tariff, SPP will implement a temporary Business Practice to accommodate this changeover. This new Business Practice will allow a TSR holder to update the source of the existing Transmission Service to a specific Resource in the Commercial Model or Resource

Hub in the Commercial Model without triggering a Aggregate Transmission Service Study process if there is no change in path.[19]

This change is just and reasonable as it will better align the models used in the SFT with Aggregate Transmission Service Study. SPP does not allow TSRs to source from load, so this will not impede new transmission service requests. Restricting potential nominations to Resources in the Commercial Model and Resource Hubs in the Commercial Model will better position the SFT to return results that limit the awarded congestion rights to that which is truly feasible.

C. SFT Changes

The second piece of SPP's Proposed Tariff revisions changes the process for awarding LTCRs/ILTCRs and its annual allocation of ARRs. For Round 2 of the LTCR allocation, SPP uses a two-step, one round process, first for Load Serving Entities and ILTCRs, then for non-Load Serving Entities.[20] For the annual ARR allocation, SPP uses a three round process. In Round 1, Eligible Entities may nominate up to fifty percent of their eligible transmission rights,.[21] In Round 2, Eligible Entities may nominate up to 100% of their eligible transmission rights.[22] In Round 3, Eligible Entities may nominate ARRs from any source to sink that total no more than one hundred percent (100%) of its ARR nomination cap less any nominated candidate ARR amounts awarded in rounds 1 and 2 less the sum of all awarded LTCRs.[23]

SPP proposes to change its SFT for its Round 2 of the LTCR allocation and its Round 1 of the annual ARR allocation. SPP proposes to change the calculation of the Round 1 cap calculation so that LTCR awards are subtracted from 50% of the nomination cap. By changing this calculation, those entities that receive a higher number of LTCR awards will nominate less in the Round 1 of the ARR allocation which will make the distribution of ARRs more equitable.

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[19] *See* Revision Request 614 Source Designation of Transmission Service Reservation for TCR Markets, *available at*: https://www.spp.org/Documents/70985/RR614.zip.

[20] Tariff at Attachment AE, Section 7.2. SPP makes 50% of the projected maximum Transmission System capability for the purpose of LTCR and ILTCR allocation available in the annual LTCR allocation process.

[21] Tariff at Attachment AE, Section 7.3.2(1).

[22] Tariff at Attachment AE, Section 7.3.2(2).

[23] Tariff at Attachment AE, Section 7.3.2(3).

SPP also proposes to break the SFT runs of Round 2 of the LTCR Allocation and Round 1 of the annual ARR Allocation into five equal sub-rounds. SPP will divide the nominated LTCR/ILTCR and ARR MWs into five increments that are as equal as possible, and evaluate them separately. If the nomination is not equally divisible by the five increments, the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW. For example, if an Eligible Entity nominates 10 MW, SPP will evaluate the nominations in 2 MW increments. If the Eligible Entity nominates 10.1 MW, SPP will evaluate the nominations in increments of 2.1, 2.0, 2.0, 2.0, and 2.0 MW. If the Eligible Entity nominates 10.3 MW, SPP will evaluate the nominations in increments of 2.1, 2.1, 2.1, 2.0, and 2.0 MW.

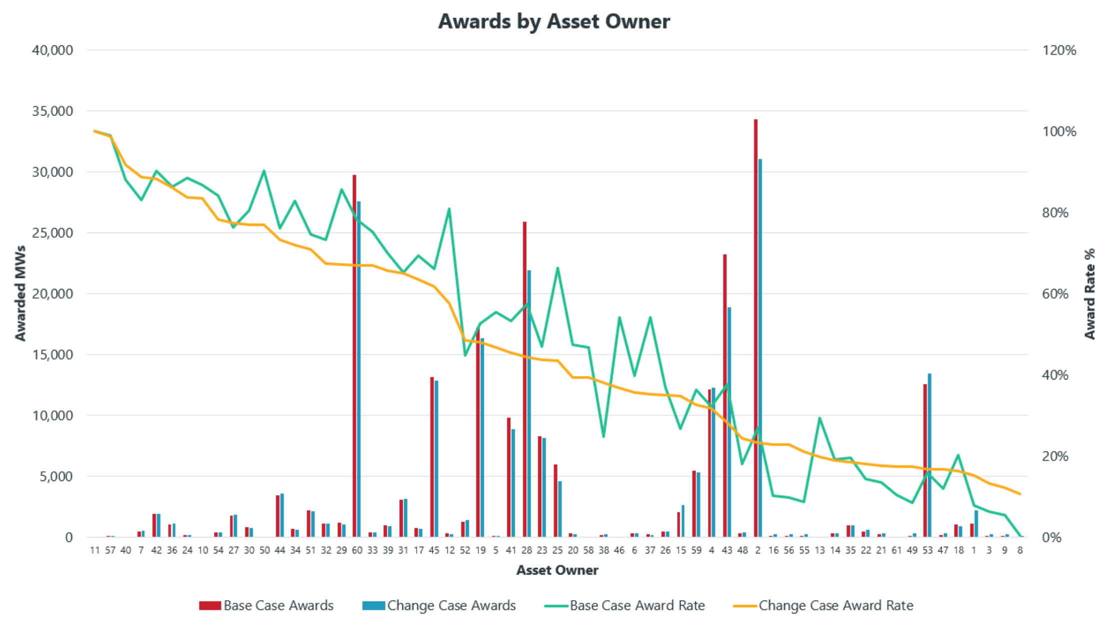
This change will boost the equity of LTCR/ILTCR and annual ARR awards by awarding them more broadly. The SFT uses a weighted least squares method of awarding nominations so as to use as much of the nominated capacity of the Transmission System as possible. By breaking the MW into smaller increments, it makes it less likely that large chunks of awards will go to a single entity, creating a more equitable distribution.

The following example demonstrates how these changes increase the equity between TSR holders. A hypothetical transmission line has a 100 MW limit. Two different Asset Owners (AO1 and AO2) have 100 MW of Firm Point-To-Point Transmission Service in the prevailing flow direction. One Asset Owner (AO3) has 100 MW of Firm Point-To-Point Transmission Service in the direction against the prevailing flow. This counterflow is how SPP is able to sell more transmission rights in the prevailing flow direction than capacity of the line. AO1 has a 90% shift factor and AO2 has a 10% shift factor. In this example SPP will ignore the 50% nomination cap and AO1 and AO2 both nominate their full-flow MW limit, 100 MW each. AO3 does not nominate its 100 MW, as it is counterflow, which would result in a payment by the TCR holder.

In this situation, under the current Tariff, AO1 would be awarded 10 MW of ARRs, and AO2 would be awarded 90 MW. However, under SPP's current proposal, each sub-round would consider 20 MW of AO1 and AO2's nomination. The result is that the line limit would not be reached until the third sub-round. Both AO1 and AO2 would receive 20 MW in the first two sub-rounds, and the third sub-round will award AO1 2 MW and will award AO2 18 MW. No ARRs will be awarded in the fourth and fifth sub-rounds, as the capacity of the line has been reached. The result is that AO1 will receive 42 MW instead of 10 MW, and AO2 will receive 58 MW instead of 90 MW.

To determine the effects of this change, SPP studied Round 1 of the annual ARR allocation in the 2019 TCR year. The results, as shown below, demonstrate an improved award rate for those who currently receive a relatively low percentage. In Figure 2 below, the green line shows the ARR award percentage for all Asset Owners in the 2019 TCR year. Some Asset Owners received a much higher percentage of awards than others, who received as few as zero awards. All these Asset Owners have the same firm transmission service and are paying the same transmission rates. Those on the right side of the graph received disproportionally low awards because the binding constraints filled up faster using a single SFT to award ARRs. The yellow line shows how the awards are distributed when SPP uses the five iteration approach, and has a flatter slope, consistent with the intended results. This demonstrates that binding constraints are not as full in the first iteration where the ARR awards can now be more equitable distributed.

Figure 2: Effect of Five Iteration Approach



These changes are just and reasonable and not unduly discriminatory as they will result in a more equitable distribution of ARRs from which the Asset Owner can receive revenue from congestion rights.

D. Surplus Auction Revenues Distribution

The third piece of SPP's Proposed Tariff changes involves the distribution of surplus auction revenues. These surplus auction revenues are not dedicated to specific ARR holder as the result of the ARR holders' nominations. When TCRs from ARR positions that were not nominated are auctioned, the resulting payments are included in calculating any surplus. Surplus auction revenue distribution is regardless of ARR/TCR positions, so even if an Eligible Entity forgoes the ARR Allocation and TCR

Auction, it could still receive surplus auction revenues.[24] Currently, these revenues are distributed based on the capped MW of an Eligible Entities' transmission rights, regardless of their awards.[25]

SPP's proposal will consider the awards that an Eligible Entity received, and thus award the excess auction revenues in greater proportions to Eligible Entities that received a lower proportion of LTCRs and ARRs tied to firm transmission service. This will be accomplished by subtracting awards tied to firm transmission service from the nomination caps, thereby reducing the numerator of the fraction used to distribute excess funds.

To smooth the transition and reduce the impact of revenue shifts that will occur as a result of this proposal, SPP proposes a phased approach, phasing it in halfway for the first year, *i.e.* 2025-2026. The use of May 31 is chosen to align with the annual ARR year.[26]

This piece of SPP's proposal will increase equity by allocating additional excess auction revenue to entities that receive little or nothing from the existing process. SPP has many Eligible Entities that do not receive awards in the LTCR/ILTCR and ARR nomination processes. This will result in many of these entities receiving a greater allocation of the revenues. Excess revenues go more to entities that receive proportionally lower allocations of LTCRs and ARRs, thereby making the revenue distribution more equitable.

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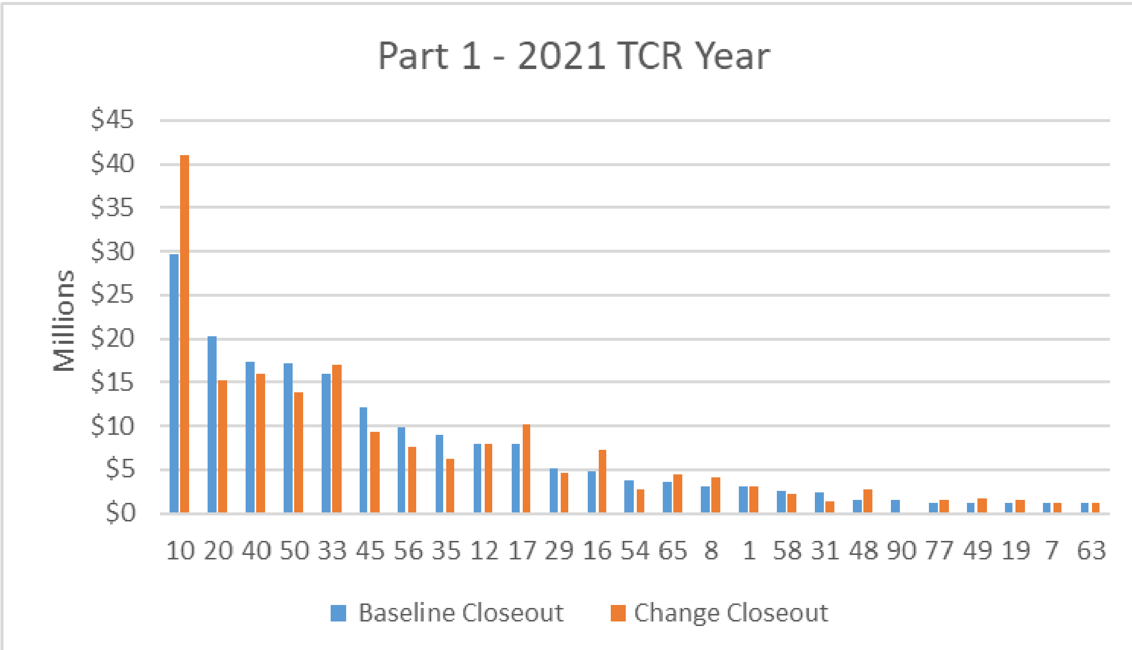
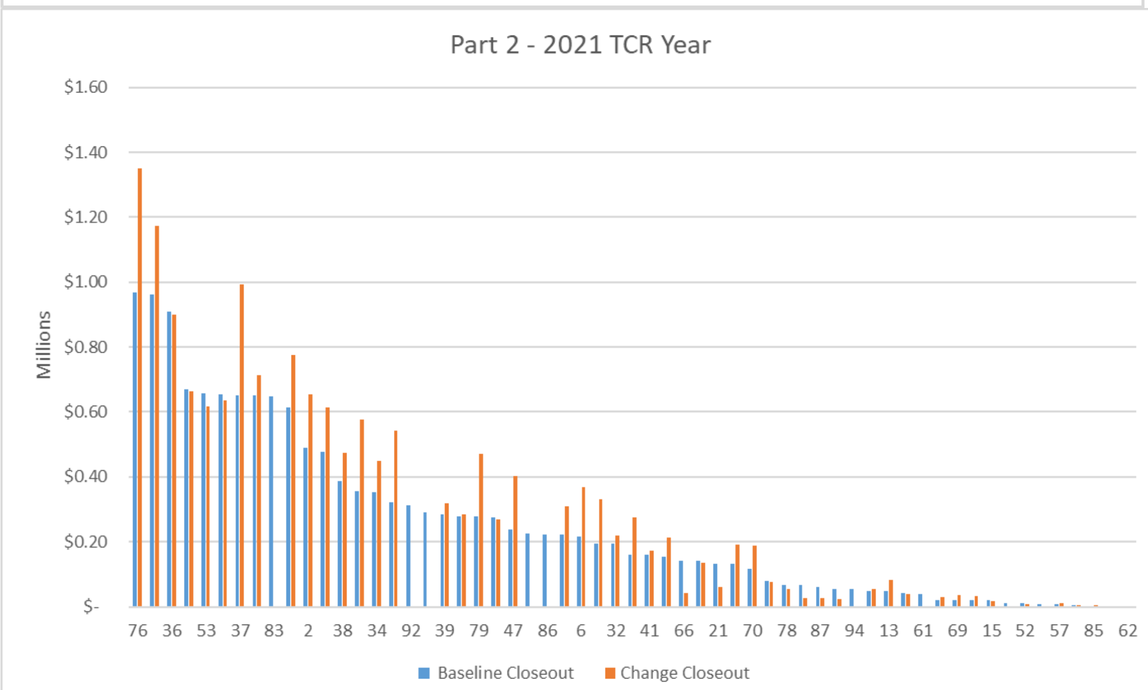
[24] Tariff at Attachment AE, Section 8.5.15.

[25] Tariff at Attachment AE, Section 8.5.15.

[26] *See* Tariff at Attachment AE, Section 7.4.2.

Figure 3: Changes in Excess Auction Revenue Payments for TCR Year 2021





These changes are just and reasonable and not unduly discriminatory as they will result in a more equitable distribution of revenue from congestion rights while mitigating the effects of revenue shifts.

III. DESCRIPTION OF TARIFF REVISIONS

A. Attachment AE, Section 7.1.1

SPP proposes revisions to Section 7.1.1(1)(a)(i) of Attachment AE as follows:

> For a transmission service reservation with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Hub, the Transmission Provider will exclude the service as ~~determine the load Settlement Location that most electrically corresponds to the source on the transmission service reservation that will be utilized as the source for~~ candidate LTCRs and/or ARRs. ~~In the alternative, Eligible Entities may create Resource specific transmission service reservations that represent their current transmission service reservations using the process described in Section 7.1.1.1 of this Attachment AE.~~[27]

SPP proposes revisions to Section 7.1.1(2)(a)(i) of Attachment AE as follows:

> For a GFA with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Hub, the Transmission Provider will exclude the service as ~~determine the load Settlement Location that most electrically corresponds to the source on the transmission service reservation that will be utilized as the source for~~ candidate LTCRs and/or ARRs.[28]

B. Attachment AE, Section 7.2.2

SPP proposes to add the following paragraph to Section 7.2.2 of Attachment AE:

> The simultaneous feasibility analysis will evaluate nominated LTCR/ILTCR MWs in five (5) as equal as possible increments up to 100% of the total nominated LTCR MWs. If the nomination is not equally divisible by the five

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27 Proposed Tariff at Attachment AE, Section 7.1.1(1)(a)(i).

28 Proposed Tariff at Attachment AE, Section 7.1.1(2)(a)(i).

increments the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW.[29]

C. Attachment AE, Section 7.2.3

SPP proposes to add the following paragraph to Section 7.2.3 of Attachment AE:

> The simultaneous feasibility analysis will evaluate nominated LTCR MWs in five (5) as equal as possible increments up to 100% of the total nominated LTCR MWs. If the nomination is not equally divisible by the five increments the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW.[30]

D. Attachment AE, Section 7.3.2

SPP proposes to change the title of Section 7.3.2 of Attachment AE to "Annual Auction Revenue Right Allocation".[31]

Section 7.3.2(1) is modified to change how Auction Revenue Rights are allocated in round 1:

> ARRs are allocated in a three round process as follows:
>
> (1) In round 1, Eligible Entities may nominate:
>
> (a) ARRs from their Network Integration Transmission Service Candidate ARRs that total no more than their Network Integration Transmission Service ARR Nomination Cap multiplied by fifty percent (50%), ~~of their Network Integration Transmission Service ARR Nomination Cap less~~ minus the sum of awarded LTCRs from their Network Integration Transmission Service Candidate LTCRs;
>
> (b) ARRs from their Grandfathered Agreement Network Integration Transmission Service Candidate ARRs that total no more than of their Grandfathered Agreement Network Integration Transmission Service ARR Nomination Cap multiplied by fifty

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[29] Proposed Tariff at Attachment AE, Section 7.2.2.

[30] Proposed Tariff at Attachment AE, Section 7.2.3.

[31] SPP includes a revision to the table of contents for Attachment AE to reflect this title change.

percent (50%), ~~of their Grandfathered Agreement Network Integration Transmission Service ARR Nomination Cap less~~ minus the sum of awarded LTCRs from their Grandfathered Agreement Network Integration Transmission Service Candidate LTCRs;

(c) ARRs from their Firm Point-To-Point Candidate ARRs that total no more than their Firm Point-To-Point Nomination Cap multiplied by fifty percent (50%), ~~of their Firm Point-To-Point Nomination Cap less~~ minus the sum of awarded LTCRs from their Firm Point-To-Point Candidate LTCRs; and

(d) ARRs from their Grandfathered Agreement Firm Point-To-Point Candidate ARRs that total no more than their Grandfathered Agreement Firm Point-To-Point ARR Nomination Cap multiplied by fifty percent (50%), ~~of their Grandfathered Agreement Firm Point-To-Point ARR Nomination Cap less~~ minus the sum of awarded LTCRs from their Grandfathered Agreement Firm Point-to-Point Candidate LTCRs.[32]

E. Attachment AE, Section 7.3.3

SPP proposes to add the following paragraph to Section 7.3.3 of Attachment AE:

The simultaneous feasibility analysis will evaluate nominated ARR MWs in five (5) as equal as possible increments up to 100% of the total nominated ARR MWs. If the nomination is not equally divisible by the five increments the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW.[33]

F. Attachment AE, Section 8.5.15

SPP proposes to revise Section 8.5.15 of Attachment AE as follows:

A Day-Ahead Market annual payment will be calculated as follows for each Asset Owner with ARR Nomination Caps established under Section 7.1.3 of this Attachment AE to the extent that there are any funds remaining once all payments are

32 Proposed Tariff at Attachment AE, Section 7.3.2(1).

33 Proposed Tariff at Attachment AE, Section 7.3.3.

made under Section 8.5.14. The calculations below can result in residual amounts due to rounding. The Transmission Provider will uplift the annual residual amounts to all of the Asset Owners as specified in the Market Protocols.

Through May 31, 2026 the Transmission Congestion Rights Annual Closeout Amount will be settled as follows:
TCR Annual Closeout Amount =

TCR Closeout1 Yearly Amount + TCR Closeout2 Yearly Amount

(A) TCR Closeout1 Yearly Amount = [(Excess Congestion Fund Yearly Amount + TCR Annual Payback Total)/2 * (Annual ARR Nomination Cap - Closeout Awards) / (Total Annual ARR Nomination Cap - Total Closeout Awards)] * (-1)

(1) Excess Congestion Fund Yearly Amount is equal to the value calculated under Section 8.5.14 of this Attachment.
(2) TCR Annual Payback Total is equal to the sum of all payments made under Section 8.5.14.
(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.
(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.
(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.
(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(B) TCR Closeout2 Yearly Amount = [(Excess Congestion Fund Yearly Amount + TCR Annual Payback Total)/2 * (Annual ARR Nomination Cap / Total Annual ARR Nomination Cap)] * (-1)

(1) Excess Congestion Fund Yearly Amount is equal to the value calculated under Section 8.5.14 of this Attachment.
(2) TCR Annual Payback Total is equal to the sum of all payments made under Section 8.5.14.
(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

After May 31, 2026 the Transmission Congestion Rights Annual Closeout Amount will be settled as follows:

TCR Annual Closeout Amount = [(Excess Congestion Fund Yearly Amount + TCR Annual Payback Total) * (Annual ARR Nomination Cap - Closeout Awards) / (Total Annual ARR Nomination Cap - Total Closeout Awards)] * (-1)

(1) Excess Congestion Fund Yearly Amount is equal to the value calculated under Section 8.5.14 of this Attachment.

(2) TCR Annual Payback Total is equal to the sum of all payments made under Section 8.5.14.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.[34]

G. Attachment AE, Section 8.7.6

SPP proposes to revise Section 8.7.6 of Attachment AE as follows:

An annual payment will be calculated as follows for each Asset Owner with ARR Nomination Caps established under Section 7.1.3 of this Attachment AE to the extent that there are any funds remaining once all payments are made under Section 8.7.4. The calculations below can result in residual amounts due to rounding. The Transmission Provider will uplift the annual residual amounts to all of the Asset Owners as specified in the Market Protocols.

Through May 31, 2026 the Auction Revenue Rights Annual Closeout Amount will be settled as follows:

[34] Proposed Tariff at Attachment AE, Section 8.5.15.

ARR Annual Closeout Amount = ARR Closeout1 Yearly Amount + ARR Closeout2 Yearly Amount

(A) ARR Closeout1 Yearly Amount = [(Excess TCR Revenue Fund Yearly Amount + ARR Annual Payback Total)/2 * (Annual ARR Nomination Cap– Closeout Awards) / (Total Annual ARR Nomination Cap– Total Closeout Awards)] * (-1)

(1) Excess TCR Revenue Fund Yearly Amount is equal to the value calculated under Section 8.7.5 of this Attachment.

(2) ARR Annual Payback Total is equal to the sum of all payments made under Section 8.7.5.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(B) ARR Closeout2 Yearly Amount = [(Excess TCR Revenue Fund Yearly Amount + ARR Annual Payback Total)/2 * (Annual ARR Nomination Cap/ Total Annual ARR Nomination Cap)] * (-1)

(1) Excess TCR Revenue Fund Yearly Amount is equal to the value calculated under Section 8.7.5 of this Attachment.

(2) ARR Annual Payback Total is equal to the sum of all payments made under Section 8.7.5.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

After May 31, 2026 the Auction Revenue Rights Annual Closeout Amount will be settled as follows:

ARR Annual Closeout Amount = [(Excess TCR Revenue Fund Yearly Amount + ARR Annual Payback Total) * (Annual ARR Nomination Cap – Closeout Awards) / (Total Annual ARR Nomination Cap – Total Closeout Awards)] * (-1)

(1) Excess TCR Revenue Fund Yearly Amount is equal to the value calculated under Section 8.7.5 of this Attachment.
(2) ARR Annual Payback Total is equal to the sum of all payments made under Section 8.7.5.
(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.
(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.
(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.
(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.[35]

IV. EFFECTIVE DATE AND REQUEST FOR WAIVER

SPP is requesting an effective date of "12/31/9998" for the Tariff Records included with this filing. The expected effective date of the Tariff revisions included herein is currently in January 2025, which is more than 120 days after filing. Therefore, SPP requests waiver of the Commission's notice requirements.[36] Good cause exists for the proposed revisions to be effective in January 2025 in accordance with the Commission's waiver of notice requirement codified in Section 35.11 of the Commission's regulations[37] because SPP will need a number of months to develop, test, and implement the software system changes for the Tariff revisions proposed herein. SPP requests the Commission issue an order by July 17, 2024, to allow SPP sufficient time to make the necessary software changes prior to implementation.

A January 2025 effective date allows SPP to implement these changes to be effective for the allocation effective May 31, 2025. If SPP does not receive approval in time for a January 2025 implementation, then implementation will need to shift to January 2026 for the next year's annual allocations.

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35 Proposed Tariff at Attachment AE, Section 8.7.6.

36 18 C.F.R. § 35.3(a)(1).

37 18 C.F.R. § 35.11.

V. ADDITIONAL INFORMATION

A. Documents submitted with this filing:

In addition to this Transmittal Letter, Clean and Redlined Tariff revisions under the Sixth Revised Volume No. 1.

B. Service:

SPP has electronically served a copy of this filing on all its Members, Transmission Customers and Market Participants. A complete copy of this filing will be posted on the SPP web site, www.spp.org, and is also being served on all affected state commissions.

C. Requisite agreements:

There are none.

D. Communications

Correspondence and communications with respect to this filing should be sent to, and SPP requests the Secretary to include on the official service list, the following:

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VI. CONCLUSION

For all of the foregoing reasons, SPP respectfully requests that the Commission issue an order accepting the Tariff revisions proposed herein as soon as practicable. SPP will submit a filing with the Commission specifying a precise effective date when that date is known and not less than 30 days before that date.

Respectfully submitted,

*/s/ **Emon O. Mahony***
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ATTACHMENT AE
INTEGRATED MARKETPLACE

Attachment AE
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7.1.1 Transmission Service and Incremental Long-Term Congestion Rights Verification

In order for Eligible Entities to obtain candidate LTCRs and/or ARRs, the Transmission Provider must first verify existing transmission service entitlements, including transmission service entitlements that have been renewed in accordance with rollover rights since their initial term. An Eligible Entity's transmission service must span the entire monthly or seasonal period for which ARRs are allocated to qualify for candidate ARRs in a particular month or season. An Eligible Entity's transmission service must span the entire annual period for which LTCRs are allocated and must have rollover rights to qualify for candidate LTCRs. In order to qualify for candidate ILTCRs in the current LTCR allocation year, upgrades associated with the candidate ILTCRs must be in-service prior to the start of the annual LTCR/ILTCR/ARR verification process. For transmission service with rollover rights whose deadline for providing notice of rollover occurs after the annual LTCR/ARR verification but before June 1, the Transmission Provider shall assume that the rollover will occur and shall consider the transmission service entitlement to span the entire allocation year, provided, however, that, if rollover rights for such transmission service are not exercised by the applicable deadline, any ARRs, TCRs, or LTCRs associated with such transmission service shall revert to the Transmission Provider effective on the date such transmission service terminates. The Transmission Provider will verify Eligible Entity existing transmission service entitlements as follows:

(1) The following will be performed prior to each annual LTCR and ARR allocation for Eligible Entities taking Network Integration Transmission Service or Firm Point-To-Point Transmission Service under the Tariff:

(a) The Transmission Provider will obtain source, sink and Reservation Capacity information from the OASIS for each monthly and seasonal period for which ARRs are allocated in which the transmission service spans the entire period, or would if or when rolled over, for the current annual allocation and for the annual period for which LTCRs are allocated in which the transmission service spans the entire year;

(i) For a transmission service reservation with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Hub, the Transmission Provider will exclude the service as candidate LTCRs and/or ARRs.

(ii) For a transmission service reservation with a source outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the source for candidate LTCRs and/or ARRs.

(iii) For a transmission service reservation with a sink outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the sink for candidate LTCRs and/or ARRs.

(iv) Eligible Entities taking Network Integration Transmission Service with rollover rights under this Tariff shall be considered to have met the definition of Load Serving Entity for purposes of LTCR allocation;

(v) Eligible Entities taking Firm Point-To-Point Transmission Service with rollover rights under this Tariff shall not be considered a Load Serving Entity for LTCR allocation purposes unless the Eligible Entity provides an attestation to the Transmission Provider confirming that the Eligible Entity is a Load Serving Entity as defined in this Attachment AE;

(b) The Transmission Provider will provide this information to each Eligible Entity for verification; and

(c) Eligible Entities will notify the Transmission Provider within 2 weeks following receipt of this information, identifying and correcting inaccurate data on the OASIS. Otherwise, the Transmission Provider provided data will be considered verified.

(d) For transmission service granted with a redispatch obligation, the Transmission Provider will verify the times of year and amounts of service that are not subject to redispatch in accordance with the limitations set forth in Sections 13.5 and 34.6 of this Tariff.

(2) The following will be performed prior to each annual LTCR and ARR allocation for the Eligible Entity taking GFA service:

(a) Each Transmission Owner shall register any GFA for which candidate LTCRs and/or ARRs are to be provided to the Transmission Owner or the transmission customer under the GFA on the Transmission Provider's OASIS. The Transmission Owner must provide the Transmission Provider with source, sink and Reservation Capacity information for each GFA on the Transmission Provider's OASIS by registering each GFA with the Transmission Provider. The Transmission Provider will use source, sink, and Reservation Capacity information from the GFA registration for each monthly and seasonal period for which LTCRs and/or ARRs are allocated and the annual period for which the LTCRs are allocated. If both parties to the GFA are Market Participants with respect to the GFA load, then the parties may jointly inform the Transmission Provider which Market Participant will be allocated the candidate ARRs. If the parties to the GFA do not so inform the Transmission Provider, or if only the Transmission Owner that sold the GFA service is a Market Participant, then the Transmission Owner that sold the GFA service will be allocated the candidate LTCRs and/or ARRs associated with the GFA.

(i) For a GFA with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Hub, the Transmission Provider will exclude the service as candidate LTCRs and/or ARRs.

(ii) For a GFA with a source outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the source for the candidate LTCRs and/or ARRs.

(iii) For a GFA with a sink outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the sink for the candidate LTCRs and/or ARRs.

(iv) An Eligible Entity under a GFA taking the equivalent of Network Integration Transmission Service with rollover rights shall be considered to have met the definition of Load Serving Entity for purposes of LTCR allocation;

(v) An Eligible Entity under a GFA taking the equivalent of Firm Point-To-Point Transmission Service with rollover rights shall not be considered a Load Serving Entity for the purposes of LTCR allocation unless the Eligible Entity provides an attestation to the Transmission Provider confirming that the Eligible Entity is an Load Serving Entity as defined in this Attachment AE;

(b) If the transmission customer under the GFA is receiving the candidate ARRs, to the extent that the transmission service specified in the GFA is identified as the equivalent of SPP Network Integration Transmission Service, the transmission customer under the GFA must provide the historical peak loads being served under the GFA for the previous three years.

7.1.1.1 Transmission Service Reservation Modification for Resource Specific Source Points

For purposes of the Transmission Provider's verification of transmission service entitlements under this Section 7.1.1(1)(a)(i) of this Attachment AE, Eligible Entities may use their non-Resource specific transmission service that is inside the SPP market footprint by creating individual Resource specific transmission service reservations on OASIS. These individual Resource specific transmission service reservations will be used exclusively for the TCR Markets. The original transmission service reservations will remain on OASIS.

For an Eligible Entity's use of its original master Network Integration Transmission Service reservation to create Resource specific transmission service reservations, Appendix 1 of the Eligible Entity's current Network Integration Transmission Service Agreement will be used to validate the process. For an Eligible Entity's use of non-Resource specific transmission service other than its original master Network Integration Transmission Service reservation, the Eligible Entity involved in the transmission service transaction will be responsible for determining which Resources and Resource capacities should be used to create the Resource specific transmission service reservation. SPP shall not be required to determine which Resources the transmission service is intended to represent. The sum of all transmission service from each Resource must be less than or equal to the Maximum Capacity of the Resource.

Eligible Entities must use the following process to initiate and complete the TSR modification.

(1) Submit the "Non-Resource Specific TSR Breakout Form," found on www.spp.org, to SPP if more than one party is involved in the transmission service transaction; and

(2) Submit new transmission service requests with the new service code of "SPP FN-7 YEARLY NITS TCR", "SPP F-7 YEARLY PTP TCR", "SPP FN-7 MONTHLY NITS TCR", or "SPP F-7 MONTHLY PTP TCR", whichever is equivalent to the original transmission service type.

   (a) The only difference between the original transmission service reservation and the new transmission service reservation should be the source, the capacity, and the subclass.

      (i) For transmission service reservations utilizing the Eligible Entity's original master Network Integration Transmission Service, the capacity should be the highest value per Resource found in Appendix 1 of the Network Integration Transmission Service Agreement (including the comments column) rounded up to the nearest whole MW value. If the capacity in the Network

Integration Transmission Service Agreement changes after the transmission service reservation has been granted, then this transmission service reservation may be recalled and a new transmission service reservation may be submitted to represent the new value in the Network Integration Transmission Service Agreement.

(ii) For other Non-Resource Specific transmission service reservations, the capacity should be the amount the parties have agreed to.

(b) Pre-confirm all submittals to allow for immediate confirmation after acceptance by SPP.

7.2.2 Available Long-Term Congestion Rights for Load Serving Entities and Incremental Long-Term Congestion Rights

A Simultaneous Feasibility Test is performed to determine the amount of awarded ILTCRs and LTCRs for Eligible Entities that are LSEs. The Simultaneous Feasibility Test is performed using the most current Network Model for the corresponding LTCR allocation period. For the Simultaneous Feasibility Test, nominated candidate ILTCRs and Load Serving Entities' nominated candidate LTCRs are modeled as a generation injection at the source and a corresponding load withdrawal at the sink. In addition, all previously awarded ILTCRs and LTCRs issued subsequent to the initial allocation pursuant to Section 7.2.5 of this Attachment AE are modeled as fixed injections and withdrawals provided that such LTCRs must meet the criteria as specified in Section 7.1.1 of this Attachment AE, or such ILTCRs and LTCRs have not been surrendered as described under Section 7.2.1 of this Attachment AE. To the extent that these previously awarded ILTCRs and LTCRs are no longer feasible, the Transmission Provider will make the minimum adjustments necessary to the ratings of the applicable transmission facilities in the model in order to allow the model to produce a feasible solution. If all nominated candidate ILTCRs and all Load Serving Entities' nominated candidate LTCRs are feasible, then all are awarded. If the nominated candidate ILTCRs and Load Serving Entities' nominated candidate LTCRs are not feasible, the amount of awarded ILTCRs and LTCRs will be reduced using a weighted least squares method. The weighted least squares method minimizes the sum of the squared deviations between the actual ILTCR and LTCR amounts and the candidate ILTCR and candidate LTCR amounts, weighted by the reciprocal of the candidate ILTCR and candidate LTCR amounts, which results in a higher percentage ILTCR and LTCR reduction for those nominations having the greatest impact on the constraints. ILTCR and LTCR reductions associated with candidates that have an equal impact on the constraints are reduced by the same percentage.

The simultaneous feasibility analysis will evaluate nominated LTCR/ILTCR MWs in five (5) as equal as possible increments up to 100% of the total nominated LTCR MWs. If the nomination is not equally divisible by the five increments the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW.

7.2.3 Available Long-Term Congestion Rights for Non-Load Serving Entities

A Simultaneous Feasibility Test is performed to determine the amount of awarded LTCRs for Eligible Entities that are not Load Serving Entities. The Simultaneous Feasibility Test is performed using the most current Network Model for the corresponding LTCR allocation period. For the Simultaneous Feasibility Test, all non-Load Serving Entity nominated candidate LTCRs are modeled as a generation injection at the source and a corresponding load withdrawal at the sink. In addition, all Load Serving Entity awarded LTCRs as calculated under Section 7.2.2 of this Attachment AE are modeled as fixed injections and withdrawals and all previously awarded LTCRs and ILTCRs are modeled as fixed injections and withdrawals provided that such previously awarded LTCRs must meet the criteria as specified in Section 7.1.1 of this Attachment AE, or such LTCRs and ILCTRs have not been surrendered as described under Section 7.2.1 of this Attachment AE. To the extent that these previously awarded LTCRs and ILTCRs are no longer feasible, the Transmission Provider will make the minimum adjustments necessary to the ratings of the applicable transmission facilities in the model in order to allow the model to produce a feasible solution.

If all non-Load Serving Entity nominated candidate LTCRs are feasible, then all non-Load Serving Entity LTCRs are awarded. If the non-Load Serving Entity nominated candidate LTCRs are not feasible, the amount of awarded LTCRs will be reduced using a weighted least squares method. The weighted least squares method minimizes the sum of the squared deviations between the actual LTCR amounts and the candidate LTCR amounts, weighted by the reciprocal of the candidate LTCR amounts , which results in a higher percentage LTCR reduction for those nominations having the greatest impact on the constraints. LTCR reductions associated with candidates that have an equal impact on the constraints are reduced by the same percentage.

The simultaneous feasibility analysis will evaluate nominated LTCR MWs in five (5) as equal as possible increments up to 100% of the total nominated LTCR MWs. If the nomination is not equally divisible by the five increments the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW.

7.3.2 Annual Auction Revenue Right Allocation

ARRs are allocated in a three round process as follows:

(1) In round 1, Eligible Entities may nominate:

(a) ARRs from their Network Integration Transmission Service Candidate ARRs that total no more than their Network Integration Transmission Service ARR Nomination Cap multiplied by fifty percent (50%), minus the sum of awarded LTCRs from their Network Integration Transmission Service Candidate LTCRs;

(b) ARRs from their Grandfathered Agreement Network Integration Transmission Service Candidate ARRs that total no more than of their Grandfathered Agreement Network Integration Transmission Service ARR Nomination Cap multiplied by fifty percent (50%), minus the sum of awarded LTCRs from their Grandfathered Agreement Network Integration Transmission Service Candidate LTCRs;

(c) ARRs from their Firm Point-To-Point Candidate ARRs that total no more than their Firm Point-To-Point Nomination Cap multiplied by fifty percent (50%), minus the sum of awarded LTCRs from their Firm Point-To-Point Candidate LTCRs; and

(d) ARRs from their Grandfathered Agreement Firm Point-To-Point Candidate ARRs that total no more than their Grandfathered Agreement Firm Point-To-Point ARR Nomination Cap multiplied by fifty percent (50%), minus the sum of awarded LTCRs from their Grandfathered Agreement Firm Point-to-Point Candidate LTCRs.

(2) In round 2, Eligible Entities may nominate:

(a) ARRs from their Network Integration Transmission Service Candidate ARRs that total no more than one hundred percent (100%) of their Network Integration Transmission Service ARR Nomination Cap less any nominated Network Integration Transmission Service Candidate ARRs awarded in round 1 less the sum of awarded LTCRs from their Network Integration Transmission Service Candidate LTCRs;

(b) ARRs from their Grandfathered Agreement Network Integration Transmission Service Candidate ARRs that total no more than one hundred percent (100%) of their Grandfathered Agreement Network Integration Transmission Service ARR Nomination Cap less any nominated Grandfathered Agreement Network Integration Transmission Service Candidate ARRs awarded in round 1 less the sum of awarded LTCRs from their Grandfathered Agreement Network Integration Transmission Service Candidate LTCRs;

(c) ARRs from their Firm Point-To-Point Candidate ARRs that total no more than one hundred percent (100%) of their Firm Point-To-Point ARR Nomination Cap less any nominated Firm Point-To-Point Candidate ARRs awarded in round 1 less the sum of awarded LTCRs from their Firm Point-To-Point Candidate LTCRs; and

(d) ARRs from their Grandfathered Agreement Firm Point-To-Point Candidate ARRs that total no more than one hundred percent (100%) of their Grandfathered Agreement Firm Point-To-Point ARR Nomination Cap less any nominated Grandfathered Agreement Firm Point-To-Point Candidate ARRs awarded in round 1 less the sum of awarded LTCRs from their Grandfathered Agreement Firm Point-To-Point Candidate LTCRs.

(3) In round 3, any Eligible Entity may nominate ARRs from any source to sink that total no more than one hundred percent (100%) of its ARR Nomination Cap less any nominated candidate ARR amounts awarded in rounds 1 and 2 less the sum of all awarded LTCRs. In this round an Eligible Entity is limited to a maximum combined submittal of two-thousand (2,000) ARR nominations for each Asset Owner it represents; and ARR nominations between Settlement Location pairs that are electrically equivalent will not be accepted.

7.3.3 Annual Auction Revenue Right Awards

A Simultaneous Feasibility Test is performed in each round of the ARR allocation to determine the amount of nominated ARRs to be awarded. The Simultaneous Feasibility Test is performed using the most current Network Model including planned transmission outages for the corresponding ARR allocation period. For the Simultaneous Feasibility Test, a nominated candidate ARR is modeled as a generation injection at the source and a corresponding load withdrawal at the sink. All directly converted TCRs from awarded LTCRs and awarded ILTCRs are modeled as fixed injections and withdrawals.

If the nominated candidate ARRs are not feasible, the amount of nominated candidate ARRs to be awarded will be reduced using a weighted least squares method. The weighted least squares method minimizes the sum of the squared deviations between the actual ARR amounts and the nominated ARR amounts, weighted by the reciprocal of the nominated ARR amounts, which results in a higher percentage ARR reduction for those nominations having the greatest impact on the constraints. ARR reductions associated with nominations that have an equal impact on the constraints are reduced by the same percentage.

The simultaneous feasibility analysis will evaluate nominated ARR MWs in five (5) as equal as possible increments up to 100% of the total nominated ARR MWs. If the nomination is not equally divisible by the five increments the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW.

Every six (6) months for the first two (2) years after implementation of the Integrated Marketplace, the Transmission Provider will analyze the net funding of TCRs through the Day-Ahead Market. In the event the cumulative funding is at or below 90% or above 100%, the Transmission Provider may approve an additional adjustment of all subsequent monthly auctions and the month of June in the annual auction of the normal and emergency ratings of all flowgates and monitored transmission system elements.

8.5.15 Transmission Congestion Rights Annual Closeout Amount

A Day-Ahead Market annual payment will be calculated as follows for each Asset Owner with ARR Nomination Caps established under Section 7.1.3 of this Attachment AE to the extent that there are any funds remaining once all payments are made under Section 8.5.14. The calculations below can result in residual amounts due to rounding. The Transmission Provider will uplift the annual residual amounts to all of the Asset Owners as specified in the Market Protocols.

Through May 31, 2026 the Transmission Congestion Rights Annual Closeout Amount will be settled as follows:

TCR Annual Closeout Amount =

TCR Closeout1 Yearly Amount + TCR Closeout2 Yearly Amount

(A) TCR Closeout1 Yearly Amount = [(Excess Congestion Fund Yearly Amount + TCR Annual Payback Total)/2 * (Annual ARR Nomination Cap – Closeout Awards) / (Total Annual ARR Nomination Cap – Total Closeout Awards)] * (-1)

(1) Excess Congestion Fund Yearly Amount is equal to the value calculated under Section 8.5.14 of this Attachment.

(2) TCR Annual Payback Total is equal to the sum of all payments made under Section 8.5.14.

(3) An Asset Owner’s Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner’s daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners’ Annual ARR Nomination Caps for the year.

(5) An Asset Owner’s Closeout Awards is equal to the sum of that Asset Owners’ awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners’ awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR

Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(B) TCR Closeout2 Yearly Amount = [(Excess Congestion Fund Yearly Amount + TCR Annual Payback Total)/2 * (Annual ARR Nomination Cap / Total Annual ARR Nomination Cap)] * (-1)

(1) Excess Congestion Fund Yearly Amount is equal to the value calculated under Section 8.5.14 of this Attachment.

(2) TCR Annual Payback Total is equal to the sum of all payments made under Section 8.5.14.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

After May 31, 2026 the Transmission Congestion Rights Annual Closeout Amount will be settled as follows:

TCR Annual Closeout Amount = [(Excess Congestion Fund Yearly Amount + TCR Annual Payback Total) * (Annual ARR Nomination Cap - Closeout Awards) / (Total Annual ARR Nomination Cap - Total Closeout Awards)] * (-1)

(1) Excess Congestion Fund Yearly Amount is equal to the value calculated under Section 8.5.14 of this Attachment.

(2) TCR Annual Payback Total is equal to the sum of all payments made under Section 8.5.14.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the

Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

8.7.6 Auction Revenue Rights Annual Closeout Amount

An annual payment will be calculated as follows for each Asset Owner with ARR Nomination Caps established under Section 7.1.3 of this Attachment AE to the extent that there are any funds remaining once all payments are made under Section 8.7.4. The calculations below can result in residual amounts due to rounding. The Transmission Provider will uplift the annual residual amounts to all of the Asset Owners as specified in the Market Protocols.

Through May 31, 2026 the Auction Revenue Rights Annual Closeout Amount will be settled as follows:

ARR Annual Closeout Amount = ARR Closeout1 Yearly Amount + ARR Closeout2 Yearly Amount

(A) ARR Closeout1 Yearly Amount = [(Excess TCR Revenue Fund Yearly Amount + ARR Annual Payback Total)/2 * (Annual ARR Nomination Cap – Closeout Awards) / (Total Annual ARR Nomination Cap – Total Closeout Awards)] * (-1)

(1) Excess TCR Revenue Fund Yearly Amount is equal to the value calculated under Section 8.7.5 of this Attachment.

(2) ARR Annual Payback Total is equal to the sum of all payments made under Section 8.7.5.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR

Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(B) ARR Closeout2 Yearly Amount = [(Excess TCR Revenue Fund Yearly Amount + ARR Annual Payback Total)/2 * (Annual ARR Nomination Cap/ Total Annual ARR Nomination Cap)] * (-1)

(1) Excess TCR Revenue Fund Yearly Amount is equal to the value calculated under Section 8.7.5 of this Attachment.

(2) ARR Annual Payback Total is equal to the sum of all payments made under Section 8.7.5.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

After May 31, 2026 the Auction Revenue Rights Annual Closeout Amount will be settled as follows:

ARR Annual Closeout Amount = [(Excess TCR Revenue Fund Yearly Amount + ARR Annual Payback Total) * (Annual ARR Nomination Cap – Closeout Awards) / (Total Annual ARR Nomination Cap – Total Closeout Awards)] * (-1)

(1) Excess TCR Revenue Fund Yearly Amount is equal to the value calculated under Section 8.7.5 of this Attachment.

(2) ARR Annual Payback Total is equal to the sum of all payments made under Section 8.7.5.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the

Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

ATTACHMENT AE
INTEGRATED MARKETPLACE

Attachment AE
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7.1.1 Transmission Service and Incremental Long-Term Congestion Rights Verification

In order for Eligible Entities to obtain candidate LTCRs and/or ARRs, the Transmission Provider must first verify existing transmission service entitlements, including transmission service entitlements that have been renewed in accordance with rollover rights since their initial term. An Eligible Entity's transmission service must span the entire monthly or seasonal period for which ARRs are allocated to qualify for candidate ARRs in a particular month or season. An Eligible Entity's transmission service must span the entire annual period for which LTCRs are allocated and must have rollover rights to qualify for candidate LTCRs. In order to qualify for candidate ILTCRs in the current LTCR allocation year, upgrades associated with the candidate ILTCRs must be in-service prior to the start of the annual LTCR/ILTCR/ARR verification process. For transmission service with rollover rights whose deadline for providing notice of rollover occurs after the annual LTCR/ARR verification but before June 1, the Transmission Provider shall assume that the rollover will occur and shall consider the transmission service entitlement to span the entire allocation year, provided, however, that, if rollover rights for such transmission service are not exercised by the applicable deadline, any ARRs, TCRs, or LTCRs associated with such transmission service shall revert to the Transmission Provider effective on the date such transmission service terminates. The Transmission Provider will verify Eligible Entity existing transmission service entitlements as follows:

(1) The following will be performed prior to each annual LTCR and ARR allocation for Eligible Entities taking Network Integration Transmission Service or Firm Point-To-Point Transmission Service under the Tariff:

(a) The Transmission Provider will obtain source, sink and Reservation Capacity information from the OASIS for each monthly and seasonal period for which ARRs are allocated in which the transmission service spans the entire period, or would if or when rolled over, for the current annual allocation and for the annual period for which LTCRs are allocated in which the transmission service spans the entire year;

(i) For a transmission service reservation with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Hub, the Transmission Provider will exclude the service as~~determine the load Settlement Location that most electrically corresponds to the source on the transmission service reservation that will be utilized as the source for~~ candidate LTCRs and/or ARRs. ~~In the alternative, Eligible Entities may create Resource specific transmission service reservations that represent their current transmission service reservations using the process described in Section 7.1.1.1 of this Attachment AE.~~

(ii) For a transmission service reservation with a source outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the source for candidate LTCRs and/or ARRs.

(iii) For a transmission service reservation with a sink outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the sink for candidate LTCRs and/or ARRs.

(iv) Eligible Entities taking Network Integration Transmission Service with rollover rights under this Tariff shall be considered to have met the definition of Load Serving Entity for purposes of LTCR allocation;

(v) Eligible Entities taking Firm Point-To-Point Transmission Service with rollover rights under this Tariff shall not be considered a Load Serving Entity for LTCR allocation purposes unless the Eligible Entity provides an attestation to the Transmission Provider confirming that the Eligible Entity is a Load Serving Entity as defined in this Attachment AE;

(b) The Transmission Provider will provide this information to each Eligible Entity for verification; and

(c) Eligible Entities will notify the Transmission Provider within 2 weeks following receipt of this information, identifying and correcting inaccurate data on the OASIS. Otherwise, the Transmission Provider provided data will be considered verified.

(d) For transmission service granted with a redispatch obligation, the Transmission Provider will verify the times of year and amounts of service that are not subject to redispatch in accordance with the limitations set forth in Sections 13.5 and 34.6 of this Tariff.

(2) The following will be performed prior to each annual LTCR and ARR allocation for the Eligible Entity taking GFA service:

(a) Each Transmission Owner shall register any GFA for which candidate LTCRs and/or ARRs are to be provided to the Transmission Owner or the transmission customer under the GFA on the Transmission Provider's OASIS. The Transmission Owner must provide the Transmission Provider with source, sink and Reservation Capacity information for each GFA on the Transmission Provider's OASIS by registering each GFA with the Transmission Provider. The Transmission Provider will use source, sink, and Reservation Capacity information from the GFA registration for each monthly and seasonal period for which LTCRs and/or ARRs are allocated and the annual period for which the LTCRs are allocated. If both parties to the GFA are Market Participants with respect to the GFA load, then the parties may jointly inform the Transmission Provider which Market Participant will be allocated the candidate ARRs. If the parties to the GFA do not so inform the Transmission Provider, or if only the Transmission Owner that sold the GFA service is a Market Participant, then the Transmission Owner that sold the GFA service will be allocated the candidate LTCRs and/or ARRs associated with the GFA.

(i) For a GFA with a source inside the SPP Balancing Authority Area that is not a specific Resource or Resource Hub, the Transmission

Provider will exclude the service as~~determine the load Settlement Location that most electrically corresponds to the source on the transmission service reservation that will be utilized as the source for~~ candidate LTCRs and/or ARRs.

(ii) For a GFA with a source outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the source for the candidate LTCRs and/or ARRs.

(iii) For a GFA with a sink outside of the SPP Balancing Authority Area, the interface between the Transmission Provider and the first tier Balancing Authority Area associated with the transmission reservation will be utilized as the sink for the candidate LTCRs and/or ARRs.

(iv) An Eligible Entity under a GFA taking the equivalent of Network Integration Transmission Service with rollover rights shall be considered to have met the definition of Load Serving Entity for purposes of LTCR allocation;

(v) An Eligible Entity under a GFA taking the equivalent of Firm Point-To-Point Transmission Service with rollover rights shall not be considered a Load Serving Entity for the purposes of LTCR allocation unless the Eligible Entity provides an attestation to the Transmission Provider confirming that the Eligible Entity is an Load Serving Entity as defined in this Attachment AE;

(b) If the transmission customer under the GFA is receiving the candidate ARRs, to the extent that the transmission service specified in the GFA is identified as the equivalent of SPP Network Integration Transmission Service, the transmission customer under the GFA must provide the historical peak loads being served under the GFA for the previous three years.

7.1.1.1 Transmission Service Reservation Modification for Resource Specific Source Points

For purposes of the Transmission Provider's verification of transmission service entitlements under this Section 7.1.1(1)(a)(i) of this Attachment AE, Eligible Entities may use their non-Resource specific transmission service that is inside the SPP market footprint by creating individual Resource specific transmission service reservations on OASIS. These individual Resource specific transmission service reservations will be used exclusively for the TCR Markets. The original transmission service reservations will remain on OASIS.

For an Eligible Entity's use of its original master Network Integration Transmission Service reservation to create Resource specific transmission service reservations, Appendix 1 of the Eligible Entity's current Network Integration Transmission Service Agreement will be used to validate the process. For an Eligible Entity's use of non-Resource specific transmission service other than its original master Network Integration Transmission Service reservation, the Eligible Entity involved in the transmission service transaction will be responsible for determining which Resources and Resource capacities should be used to create the Resource specific transmission service reservation. SPP shall not be required to determine which Resources the transmission service is intended to represent. The sum of all transmission service from each Resource must be less than or equal to the Maximum Capacity of the Resource.

Eligible Entities must use the following process to initiate and complete the TSR modification.

(1) Submit the "Non-Resource Specific TSR Breakout Form," found on www.spp.org, to SPP if more than one party is involved in the transmission service transaction; and

(2) Submit new transmission service requests with the new service code of "SPP FN-7 YEARLY NITS TCR", "SPP F-7 YEARLY PTP TCR", "SPP FN-7 MONTHLY NITS TCR", or "SPP F-7 MONTHLY PTP TCR", whichever is equivalent to the original transmission service type.

(a) The only difference between the original transmission service reservation and the new transmission service reservation should be the source, the capacity, and the subclass.

(i) For transmission service reservations utilizing the Eligible Entity's original master Network Integration Transmission Service, the capacity should be the highest value per Resource found in Appendix 1 of the Network Integration Transmission Service Agreement (including the comments column) rounded up to the nearest whole MW value. If the capacity in the Network Integration Transmission Service Agreement changes after the transmission service reservation has been granted, then this transmission service reservation may be recalled and a new transmission service reservation may be submitted to represent the new value in the Network Integration Transmission Service Agreement.

(ii) For other Non-Resource Specific transmission service reservations, the capacity should be the amount the parties have agreed to.

(b) Pre-confirm all submittals to allow for immediate confirmation after acceptance by SPP.

7.2.2 Available Long-Term Congestion Rights for Load Serving Entities and Incremental Long-Term Congestion Rights

A Simultaneous Feasibility Test is performed to determine the amount of awarded ILTCRs and LTCRs for Eligible Entities that are LSEs. The Simultaneous Feasibility Test is performed using the most current Network Model for the corresponding LTCR allocation period. For the Simultaneous Feasibility Test, nominated candidate ILTCRs and Load Serving Entities' nominated candidate LTCRs are modeled as a generation injection at the source and a corresponding load withdrawal at the sink. In addition, all previously awarded ILTCRs and LTCRs issued subsequent to the initial allocation pursuant to Section 7.2.5 of this Attachment AE are modeled as fixed injections and withdrawals provided that such LTCRs must meet the criteria as specified in Section 7.1.1 of this Attachment AE, or such ILTCRs and LTCRs have not been surrendered as described under Section 7.2.1 of this Attachment AE. To the extent that these previously awarded ILTCRs and LTCRs are no longer feasible, the Transmission Provider will make the minimum adjustments necessary to the ratings of the applicable transmission facilities in the model in order to allow the model to produce a feasible solution. If all nominated candidate ILTCRs and all Load Serving Entities' nominated candidate LTCRs are feasible, then all are awarded. If the nominated candidate ILTCRs and Load Serving Entities' nominated candidate LTCRs are not feasible, the amount of awarded ILTCRs and LTCRs will be reduced using a weighted least squares method. The weighted least squares method minimizes the sum of the squared deviations between the actual ILTCR and LTCR amounts and the candidate ILTCR and candidate LTCR amounts, weighted by the reciprocal of the candidate ILTCR and candidate LTCR amounts, which results in a higher percentage ILTCR and LTCR reduction for those nominations having the greatest impact on the constraints. ILTCR and LTCR reductions associated with candidates that have an equal impact on the constraints are reduced by the same percentage.

The simultaneous feasibility analysis will evaluate nominated LTCR/ILTCR MWs in five (5) as equal as possible increments up to 100% of the total nominated LTCR MWs. If the nomination is not equally divisible by the five increments the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW.

7.2.3 Available Long-Term Congestion Rights for Non-Load Serving Entities

A Simultaneous Feasibility Test is performed to determine the amount of awarded LTCRs for Eligible Entities that are not Load Serving Entities. The Simultaneous Feasibility Test is performed using the most current Network Model for the corresponding LTCR allocation period. For the Simultaneous Feasibility Test, all non-Load Serving Entity nominated candidate LTCRs are modeled as a generation injection at the source and a corresponding load withdrawal at the sink. In addition, all Load Serving Entity awarded LTCRs as calculated under Section 7.2.2 of this Attachment AE are modeled as fixed injections and withdrawals and all previously awarded LTCRs and ILTCRs are modeled as fixed injections and withdrawals provided that such previously awarded LTCRs must meet the criteria as specified in Section 7.1.1 of this Attachment AE, or such LTCRs and ILCTRs have not been surrendered as described under Section 7.2.1 of this Attachment AE. To the extent that these previously awarded LTCRs and ILTCRs are no longer feasible, the Transmission Provider will make the minimum adjustments necessary to the ratings of the applicable transmission facilities in the model in order to allow the model to produce a feasible solution.

If all non-Load Serving Entity nominated candidate LTCRs are feasible, then all non-Load Serving Entity LTCRs are awarded. If the non-Load Serving Entity nominated candidate LTCRs are not feasible, the amount of awarded LTCRs will be reduced using a weighted least squares method. The weighted least squares method minimizes the sum of the squared deviations between the actual LTCR amounts and the candidate LTCR amounts, weighted by the reciprocal of the candidate LTCR amounts , which results in a higher percentage LTCR reduction for those nominations having the greatest impact on the constraints. LTCR reductions associated with candidates that have an equal impact on the constraints are reduced by the same percentage.

The simultaneous feasibility analysis will evaluate nominated LTCR MWs in five (5) as equal as possible increments up to 100% of the total nominated LTCR MWs. If the nomination is not equally divisible by the five increments the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW.

7.3.2 Annual Auction Revenue Right Allocation

ARRs are allocated in a three round process as follows:

(1) In round 1, Eligible Entities may nominate:

(a) ARRs from their Network Integration Transmission Service Candidate ARRs that total no more than their Network Integration Transmission Service ARR Nomination Cap multiplied by fifty percent (50%), ~~of their Network Integration Transmission Service ARR Nomination Cap less~~minus the sum of awarded LTCRs from their Network Integration Transmission Service Candidate LTCRs;

(b) ARRs from their Grandfathered Agreement Network Integration Transmission Service Candidate ARRs that total no more than of their Grandfathered Agreement Network Integration Transmission Service ARR Nomination Cap multiplied by fifty percent (50%), ~~of their Grandfathered Agreement Network Integration Transmission Service ARR Nomination Cap less~~minus the sum of awarded LTCRs from their Grandfathered Agreement Network Integration Transmission Service Candidate LTCRs;

(c) ARRs from their Firm Point-To-Point Candidate ARRs that total no more than their Firm Point-To-Point Nomination Cap multiplied by fifty percent (50%), ~~of their Firm Point-To-Point Nomination Cap less~~minus the sum of awarded LTCRs from their Firm Point-To-Point Candidate LTCRs; and

(d) ARRs from their Grandfathered Agreement Firm Point-To-Point Candidate ARRs that total no more than their Grandfathered Agreement Firm Point-To-Point ARR Nomination Cap multiplied by fifty percent (50%), ~~of their Grandfathered Agreement Firm Point-To-Point ARR Nomination Cap less~~minus the sum of awarded LTCRs from their Grandfathered Agreement Firm Point-to-Point Candidate LTCRs.

(2) In round 2, Eligible Entities may nominate:

(a) ARRs from their Network Integration Transmission Service Candidate ARRs that total no more than one hundred percent (100%) of their Network Integration Transmission Service ARR Nomination Cap less any nominated Network Integration Transmission Service Candidate ARRs awarded in round 1 less the sum of awarded LTCRs from their Network Integration Transmission Service Candidate LTCRs;

(b) ARRs from their Grandfathered Agreement Network Integration Transmission Service Candidate ARRs that total no more than one hundred percent (100%) of their Grandfathered Agreement Network Integration Transmission Service ARR Nomination Cap less any nominated Grandfathered Agreement Network Integration Transmission Service Candidate ARRs awarded in round 1 less the sum of awarded LTCRs from their Grandfathered Agreement Network Integration Transmission Service Candidate LTCRs;

(c) ARRs from their Firm Point-To-Point Candidate ARRs that total no more than one hundred percent (100%) of their Firm Point-To-Point ARR Nomination Cap less any nominated Firm Point-To-Point Candidate ARRs awarded in round 1 less the sum of awarded LTCRs from their Firm Point-To-Point Candidate LTCRs; and

(d) ARRs from their Grandfathered Agreement Firm Point-To-Point Candidate ARRs that total no more than one hundred percent (100%) of their Grandfathered Agreement Firm Point-To-Point ARR Nomination Cap less any nominated Grandfathered Agreement Firm Point-To-Point Candidate ARRs awarded in round 1 less the sum of awarded LTCRs from their Grandfathered Agreement Firm Point-To-Point Candidate LTCRs.

(3) In round 3, any Eligible Entity may nominate ARRs from any source to sink that total no more than one hundred percent (100%) of its ARR Nomination Cap less any nominated candidate ARR amounts awarded in rounds 1 and 2 less the sum of all awarded LTCRs. In this round an Eligible Entity is limited to a maximum combined submittal of two-thousand (2,000) ARR nominations for each Asset Owner it represents; and ARR nominations between Settlement Location pairs that are electrically equivalent will not be accepted.

7.3.3 Annual Auction Revenue Right Awards

A Simultaneous Feasibility Test is performed in each round of the ARR allocation to determine the amount of nominated ARRs to be awarded. The Simultaneous Feasibility Test is performed using the most current Network Model including planned transmission outages for the corresponding ARR allocation period. For the Simultaneous Feasibility Test, a nominated candidate ARR is modeled as a generation injection at the source and a corresponding load withdrawal at the sink. All directly converted TCRs from awarded LTCRs and awarded ILTCRs are modeled as fixed injections and withdrawals.

If the nominated candidate ARRs are not feasible, the amount of nominated candidate ARRs to be awarded will be reduced using a weighted least squares method. The weighted least squares method minimizes the sum of the squared deviations between the actual ARR amounts and the nominated ARR amounts, weighted by the reciprocal of the nominated ARR amounts, which results in a higher percentage ARR reduction for those nominations having the greatest impact on the constraints. ARR reductions associated with nominations that have an equal impact on the constraints are reduced by the same percentage.

The simultaneous feasibility analysis will evaluate nominated ARR MWs in five (5) as equal as possible increments up to 100% of the total nominated ARR MWs. If the nomination is not equally divisible by the five increments the nomination will be evaluated in the first available increment(s) of no less than 0.1 MW.

Every six (6) months for the first two (2) years after implementation of the Integrated Marketplace, the Transmission Provider will analyze the net funding of TCRs through the Day-Ahead Market. In the event the cumulative funding is at or below 90% or above 100%, the Transmission Provider may approve an additional adjustment of all subsequent monthly auctions and the month of June in the annual auction of the normal and emergency ratings of all flowgates and monitored transmission system elements.

8.5.15 Transmission Congestion Rights Annual Closeout Amount

A Day-Ahead Market annual payment will be calculated as follows for each Asset Owner with ARR Nomination Caps established under Section 7.1.3 of this Attachment AE to the extent that there are any funds remaining once all payments are made under Section 8.5.14. The calculations below can result in residual amounts due to rounding. The Transmission Provider will uplift the annual residual amounts to all of the Asset Owners as specified in the Market Protocols.

Through May 31, 2026 the Transmission Congestion Rights Annual Closeout Amount will be settled as follows:

TCR Annual Closeout Amount =

TCR Closeout1 Yearly Amount + TCR Closeout2 Yearly Amount

(A) TCR Closeout1 Yearly Amount = [(Excess Congestion Fund Yearly Amount + TCR Annual Payback Total)/2 * (Annual ARR Nomination Cap – Closeout Awards) / (Total Annual ARR Nomination Cap – Total Closeout Awards)] * (-1)

(1) Excess Congestion Fund Yearly Amount is equal to the value calculated under Section 8.5.14 of this Attachment.

(2) TCR Annual Payback Total is equal to the sum of all payments made under Section 8.5.14.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR

Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(B) TCR Closeout2 Yearly Amount = [(Excess Congestion Fund Yearly Amount + TCR Annual Payback Total)/2 * (Annual ARR Nomination Cap / Total Annual ARR Nomination Cap-)] * (-1)

(1) Excess Congestion Fund Yearly Amount is equal to the value calculated under Section 8.5.14 of this Attachment.

(2) TCR Annual Payback Total is equal to the sum of all payments made under Section 8.5.14.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

After May 31, 2026 the Transmission Congestion Rights Annual Closeout Amount will be settled as follows:

TCR Annual Closeout Amount = [(Excess Congestion Fund Yearly Amount + TCR Annual Payback Total) * (Annual ARR Nomination Cap - Closeout Awards) / (Total Annual ARR Nomination Cap - Total Closeout Awards)] * (-1)

(1) Excess Congestion Fund Yearly Amount is equal to the value calculated under Section 8.5.14 of this Attachment.

(2) TCR Annual Payback Total is equal to the sum of all payments made under Section 8.5.14.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the

Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

8.7.6 Auction Revenue Rights Annual Closeout Amount

An annual payment will be calculated as follows for each Asset Owner with ARR Nomination Caps established under Section 7.1.3 of this Attachment AE to the extent that there are any funds remaining once all payments are made under Section 8.7.4. The calculations below can result in residual amounts due to rounding. The Transmission Provider will uplift the annual residual amounts to all of the Asset Owners as specified in the Market Protocols.

Through May 31, 2026 the Auction Revenue Rights Annual Closeout Amount will be settled as follows:

ARR Annual Closeout Amount = ARR Closeout1 Yearly Amount + ARR Closeout2 Yearly Amount

(A) ARR Closeout1 Yearly Amount = [(Excess TCR Revenue Fund Yearly Amount + ARR Annual Payback Total)/2 * (Annual ARR Nomination Cap – Closeout Awards) / (Total Annual ARR Nomination Cap – Total Closeout Awards)] * (-1)

(1) Excess TCR Revenue Fund Yearly Amount is equal to the value calculated under Section 8.7.5 of this Attachment.

(2) ARR Annual Payback Total is equal to the sum of all payments made under Section 8.7.5.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR

Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(B) ARR Closeout2 Yearly Amount = [(Excess TCR Revenue Fund Yearly Amount + ARR Annual Payback Total)/2 * (Annual ARR Nomination Cap/ Total Annual ARR Nomination Cap)] * (-1)

(1) Excess TCR Revenue Fund Yearly Amount is equal to the value calculated under Section 8.7.5 of this Attachment.

(2) ARR Annual Payback Total is equal to the sum of all payments made under Section 8.7.5.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

After May 31, 2026 the Auction Revenue Rights Annual Closeout Amount will be settled as follows:

ARR Annual Closeout Amount = [(Excess TCR Revenue Fund Yearly Amount + ARR Annual Payback Total) * (Annual ARR Nomination Cap – Closeout Awards) / (Total Annual ARR Nomination Cap – Total Closeout Awards)] * (-1)

(1) Excess TCR Revenue Fund Yearly Amount is equal to the value calculated under Section 8.7.5 of this Attachment.

(2) ARR Annual Payback Total is equal to the sum of all payments made under Section 8.7.5.

(3) An Asset Owner's Annual ARR Nomination Cap is equal to the sum of all of that Asset Owner's daily ARR nomination caps, as calculated under Section 7.1.3 of this Attachment AE, for the year.

(4) Total Annual ARR Nomination Cap is equal to the sum of all Asset Owners' Annual ARR Nomination Caps for the year.

(5) An Asset Owner's Closeout Awards is equal to the sum of that Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.

(6) Total Closeout Awards is equal to the sum of all Asset Owners' awarded MWs from the LTCR Allocation Rounds 1 and 2, the Annual ARR Allocation Rounds 1 and 2, and iteration 1 of each Monthly ARR Allocation for the year.