

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Southwest Power Pool, Inc.

Docket Nos. ER06-451-009
ER06-1467-000

ORDER ON TARIFF FILING AND COMPLIANCE FILING

(Issued October 31, 2006)

1. On September 1, 2006, in Docket No. ER06-451-009, the Southwest Power Pool, Inc. (SPP) filed proposed open access transmission tariff (OATT or Tariff) revisions and an informational filing pursuant to the *SPP Market Order*¹ issued March 20, 2006 which concerned SPP's proposed energy imbalance services market (imbalance market). SPP also submitted tariff revisions under section 205 of the Federal Power Act (FPA) in Docket No. ER06-1467-000 with respect to this market. SPP requests that these proposed tariff sheets become effective November 1, 2006. As discussed below, the Commission accepts SPP's submissions in compliance with the *SPP Market Order* subject to the clarifications required in this order and also accepts, as modified, the tariff revisions proposed in Docket No. ER06-1467-000 under section 205. The tariff revisions proposed in Docket Nos. ER06-451-009 and ER06-1467-000 and accepted in this order will become effective when SPP's imbalance market commences.

I. Background

2. SPP has been authorized as a regional transmission organization (RTO) since October 1, 2004.² The Commission accepted SPP's commitment to develop an

¹ *Southwest Power Pool, Inc.*, 114 FERC ¶ 61,289 (*SPP Market Order*), order on reh'g, 116 FERC ¶ 61,289 (2006). The *SPP Market Order* rejected in part and conditionally accepted and suspended in part SPP's proposed OATT revisions which, when implemented, will establish a real-time energy imbalance services market (imbalance market) and a market monitoring and market power mitigation plan.

² See *Southwest Power Pool, Inc.*, 109 FERC ¶ 61,009 (2004) (*RTO Order*), order on reh'g, 110 FERC ¶ 61,137 (2005).

imbalance market, including implementation of a real-time, offer-based energy market that will be used to calculate the price of imbalance energy.³

3. On June 15, 2005, SPP submitted proposed tariff revisions intended to implement an imbalance market and establish a market monitoring and market power mitigation plan (June 15 Filing). The Commission rejected SPP's original imbalance market proposal and mitigation and monitoring plan in the June 15 Filing as inadequate and provided guidance concerning: (1) reliable and stable market operations; (2) market-based rates in the new market; and (3) mitigation and monitoring issues.⁴

4. Subsequently, on January 4, 2006, SPP submitted proposed tariff revisions intended to implement SPP's imbalance market and establish a market monitoring and market power mitigation plan (January 4 Filing). The January 4 Filing included: (1) Attachment AE to its tariff, intended to implement least cost bid-based security constrained economic dispatch and locational marginal pricing, including provisions allowing the bidding, scheduling and dispatch of generating units; (2) Attachment AF, SPP's market power mitigation plan; and (3) Attachment AG, SPP's market monitoring plan.

5. In the *SPP Market Order* the Commission accepted parts of SPP's market operations and monitoring proposal in its January 4 Filing and directed SPP to submit a compliance filing. The Commission also found that SPP's proposal in the January 4 Filing was missing important elements and assurances regarding reliable and stable operation and therefore directed submission of the missing elements and additional readiness and market startup safeguards.⁵ The Commission rejected various provisions of SPP's proposal including its reserve sharing proposal, parts of its confidentiality provisions and one part of its offer-cap formula for mitigation. The Commission suspended the January 4 Filing and permitted it to become effective October 1, 2006, subject to further orders as discussed in the *SPP Market Order*.

6. SPP submitted the instant filing on September 1, 2006. SPP states that it submits, under section 205 of the FPA, provisions to delay implementation of the imbalance

³ *Southwest Power Pool, Inc.*, 106 FERC ¶ 61,110 at P 134, *order on reh'g*, 109 FERC ¶ 61,010 (2004).

⁴ *Southwest Power Pool, Inc.*, 112 FERC ¶ 61,303 (*September 19 Order*), *reh'g denied*, 113 FERC ¶ 61,115 (2005).

⁵ *SPP Market Order* at P 1-3.

market until November 1, 2006 (Revised Effective Date tariff sheets); clarifications and revisions to Schedule 4, Energy Imbalance Service; revisions to Attachment AE, Energy Imbalance Service Market, including who is to act as meter agent in the first year; and revisions to Attachment AF, Market Power Mitigation Plan. SPP states that in compliance with the *SPP Market Order* it also submits (1) revisions incorporating its standard Meter Agent Services Agreement into its Tariff as new Attachment AM, including provisions for liability and indemnification,⁶ and (2) an informational filing concerning its independently evaluated metrics related to commercial operations readiness and its testing plan.⁷ SPP states that the proposed tariff revisions were developed and approved by its Regional Tariff Working Group and Markets Operations Policy Committee (MOPC) and approved by SPP's Board of Directors.

7. On September 29, 2006, SPP submitted a letter in this proceeding notifying the Commission of a delay in the scheduled implementation of SPP's imbalance market. SPP states that it has been unable to complete the necessary testing and assessments to certify that all required systems are in place and functioning to support the imbalance market. SPP states that its Board of Directors will reconvene on October 24, 2006 to reassess market readiness and to consider the filing of the required Readiness Certification proposing a target implementation date for the imbalance market of December 1, 2006.

8. On October 25, 2006 SPP, submitted a letter in this proceeding notifying the Commission of a further delay in the implementation of its imbalance market. SPP states that the SPP Board of Directors decided at its meeting of October 24, 2006, not to certify SPP's readiness for a December 1, 2006 start date for SPP's EIS market. Instead, the Board of Directors agreed to consider certification for a February 1, 2007 market start date at its December 12, 2006 meeting. SPP executives are to provide an interim report to the Board of Directors and the Members Committee midway between the October 24, 2006 and December 12, 2006 meetings addressing readiness status, among other things.

II. Notice of Filing and Responsive Pleadings

9. Notice of SPP's filing was published in the *Federal Register*, 71 Fed. Reg. 54,641 (2006), and notice of a subsequent errata filing was published in 71 Fed. Reg. 54,984 (2006), with interventions and protests under both notices due on or before September 22, 2006. TDU Intervenors filed a motion to intervene in Docket No. ER06-1467-000 and a

⁶ SPP states these revisions respond to P 115 of the *SPP Market Order*.

⁷ SPP states this information responds to P 23 of the *SPP Market Order*.

timely limited protest.⁸ Xcel Energy Services, Inc. (Xcel) filed timely comments on behalf of its affiliated utility operating company, Southwestern Public Service Company, a wholly owned subsidiary of Xcel Energy, Inc. SPP filed an answer on September 11, 2006.

III. Procedural Matters

10. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), TDU Intervenors' timely, unopposed motion to intervene serves to make them a party to Docket No. ER06-1467-000.

11. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2006), prohibits an answer to a protest and reply to the answer unless otherwise ordered by the decisional authority. We will accept SPP's answer because it has provided information that assisted us in our decision-making process.

IV. Compliance filing

12. SPP submitted a new Attachment AM, Meter Agent Services Agreement (Agreement) as required by the *SPP Market Order* and detailed the limitations on liability for transmission owners performing the function and the standards for estimating meter data when metering equipment malfunctions.⁹ In addition, SPP submitted an informational filing, as directed by the Commission, detailing its independently evaluated metrics related to its operational readiness. As outlined below, we accept the new Attachment AM to be effective February 1, 2007, or such later date as SPP's imbalance market becomes effective subject to clarification. Further, we address comments on SPP's market metrics filing.

A. Attachment AM-Meter Agent Services Agreement

13. As required by the *SPP Market Order*, SPP submitted the Agreement and conforming changes to section 1.2.8, Energy Imbalance Services Settlement, of

⁸ TDU Intervenors consist of the Missouri Joint Municipal Electric Utility Commission (MJMEUC), the Oklahoma Municipal Power Authority (OMPA), and the West Texas Municipal Power Agency. These entities are dependent to some degree on the use of transmission facilities that are subject to the SPP regional tariff to serve their respective loads. TDU Intervenors Protest at 5. The acronym "TDU" stands for transmission dependent utility.

⁹ *SPP Market Order* at P 115.

Attachment AE.¹⁰ Article I of the Agreement outlines the responsibilities of the parties, *i.e.*, the market participant and the meter agent. Both must comply with the provisions in the OATT and Market Protocols. Additionally, the market participant shall: (1) provide or arrange for communication of meter data in a format acceptable to the Meter Agent; (2) provide 60 days notice of any modifications of metering that will affect market data; (3) notify the Meter Agent of any significant metering issues within 24 hours after the issue is identified; and (4) provide meter data on a timely basis, *i.e.*, one business day prior to SPP's deadline for submission of meter data. The Meter Agent shall: (1) be a registered Meter Agent; (2) provide all settlement data required; (3) determine meter values for each settlement location; (4) notify the market participant of any data exchange issues with the meter source as soon as practicable; (5) if necessary, estimate meter data; and (6) submit meter data to SPP and the Balancing Authorities by the Market Protocol deadlines.

14. Article II of the Agreement defines Term and Termination. The Initial Term continues until the first anniversary of the start of the imbalance market. The Agreement shall continue after the Initial Term on a year to year basis unless terminated under the Agreement. The Agreement may be terminated after the Initial Term with 60 days notice.

¹⁰ Section 1.2.8, Second Revised Sheet No. 628, Attachment AE, states (with changes in underline):

Market Participants, or their designated meter agent, shall submit to the Transmission Provider for each hour of the Operating Day meter data representing the actual generation output and actual load consumption, or where actual data is not available estimates thereof, associated with their registered load and Resources in accordance with the timelines specified in the Market Protocols. For the first calendar year following the EIS Market Effective Date, Balancing Authorities' shall act as the meter agent for all Market Participant Resources and load within the Transmission Owners' zone unless mutually agreed upon by the Balancing Authority and Market Participant for another entity to perform the meter agent function. Subsequent to the first calendar year following the EIS Market Effective Data, a Market Participant may designate any qualified entity to perform the meter agent function. Any entity performing the meter agent function for a Market Participant must execute the Meter Agent Agreement specified in Attachment AM prior to performing such function.

15. Article III, Miscellaneous, outlines Force Majeure, Indemnification, Successors, Good Utility Practices, and third party beneficiary provisions. With respect to indemnification, the Agreement incorporates a bi-directional indemnification provision.¹¹ Articles IV and V cover other aspects of the Agreement.

16. SPP states that the indemnification section is consistent with section 10 of its OATT and that the provisions clearly outline the liability of the transmission owners as required by the Commission in the *SPP Market Order*.¹² In addition, SPP asserts that the Market Protocols, as incorporated by reference into the Agreement, detail the standards that are to be used for estimating meter data in the event of a meter malfunction. SPP states that such reliance on the Market Protocols is in compliance with the Commission's directive in the *SPP Market Order*.¹³

17. TDU Intervenors urge the Commission to consider whether it is appropriate for the Meter Agent to be indemnified against its own negligence, since all the Meter Agent is required to do is transfer data to SPP. TDU Intervenors state that errors can be costly to a market participant and claim that it is unfair to limit a market participant's recourse. In addition, TDU Intervenors request that the Commission clarify that market participants can dispense with a middleman, and provide the meter data themselves after the first

¹¹ **Indemnification:** Each Party hereto shall indemnify and hold harmless the other Party (in such case, the "Indemnified Party"), its officers, directors, agents and employees from and against any and all claims for death or injury to persons or destruction of or damage to property, demands, suits, recoveries, costs and expenses, court costs, attorneys fees, and all other obligations by or to third parties (collectively "liabilities"), arising out of or resulting directly or indirectly from such Party's performance of its obligations under this Agreement on behalf of the Indemnified Party, except to the extent any such liability arises, directly or indirectly, from the Indemnified Party's gross negligence or intentional wrongdoing.

(Attachment AM, Original Sheet No. 740, section 3.2.)

¹² SPP Transmittal at 11.

¹³ *Id.*

year. TDU Intervenors state that it seems this is SPP's intent, but revised section 1.2.8 of Attachment AE is not clear on this point since the language implies that a market participant may only replace the existing Meter Agent with another agent.¹⁴

18. In its answer, SPP states that nothing in the Agreement or section 1.2.8 of Attachment AE prohibits a market participant from choosing to perform its own meter agent function after the first year of the imbalance market.¹⁵

19. We accept SPP's new Attachment AM to be effective February 1, 2007, or such later date as SPP's imbalance market becomes effective.¹⁶ We agree with TDU Intervenors that section 1.2.8 of Attachment AE is unclear notwithstanding SPP's clarification and direct SPP to modify it to clarify that a market participant may submit its own meter data to SPP after the first year of market operations.

20. As part of new Attachment AM, the Commission accepts the indemnification provisions in section 3.2¹⁷ subject to clarification. That section provides that each Party shall indemnify the other Party (Indemnified Party) for all claims by third parties arising out of such Party's performance of obligations under the Meter Agent Services Agreement, except to the extent a claim arises from the Indemnified Party's gross negligence or intentional wrongdoing. SPP states this section is consistent with the liability and indemnification provisions the Commission has already accepted in section 10 of SPP's OATT, in particular, 10.3¹⁸ which provides that Transmission Customers shall indemnify the Transmission Provider and Transmission Owners for claims by third

¹⁴ TDU Intervenors Protest at 4-5.

¹⁵ SPP Answer at 5.

¹⁶ We note that SPP failed to file a redline tariff sheet noting the addition of Attachment AM to the Table of Contents. SPP is directed to revise its Table of Contents to note the addition of this attachment. We also note that the clean version of the Table of Contents (Seventh Revised Sheet No. 6) does not list previously accepted Attachments AH (Market Participant Service Agreement), AK (Treatment of Reserve Sharing Charges and Revenues), and AL (form of Non-Disclosure Agreement for Authorized Requestors). SPP is likewise directed to update the Table of Contents for these attachments as well.

¹⁷ Attachment AM, Original Sheet No. 740.

¹⁸ Section 10.3, First Revised Sheet No. 27A, Southwest Power Pool FERC electric Tariff, Fourth Revised Volume No. 1. Accepted in an unpublished Director Letter Order, Docket Nos. ER05-666-004 and ER06-666-005 (November 15, 2005).

parties arising out of the performance of Tariff obligations except in cases of gross negligence or intentional wrongdoing. The Commission finds proposed section 3.2 appears to be less clear than section 10.3 of SPP's OATT. The Commission will accept section 3.2 subject to clarification. SPP must clarify how section 3.2 of Attachment AM is consistent with section 10.3 of the OATT. In particular, it must clarify whether "such Party" in the sixth line refers to the Indemnified Party.¹⁹ It must also clarify whether the word "Indemnified" in the seventh line is correct.²⁰ The Commission will also require SPP to provide an example of the operation of section 3.2.

B. Market Readiness Metrics Informational Filing

21. In the *SPP Market Order*, the Commission directed SPP to file, on an informational basis, its independently evaluated metrics related to commercial operations readiness and the testing plan, no later than 60 days prior to market implementation.²¹ SPP filed its Market Readiness Metrics—Release 3, Revised 8/15/2006, a letter from Mr. John R. Roddy, Accenture LLP (together, Exhibit III), and SPP's Market Testing Plan (Exhibit IV). The Market Readiness Metrics list fifteen Readiness Metrics numbered 14-28 and multiple associated milestones under each. The Readiness Metrics include Business and Regulatory (14), Parallel Operations (15, 17, 26), and Market Metrics Task Force Operational Metrics (27). Mr. Roddy's letter outlines the readiness assessment performed by Accenture LLP for SPP. In sum, beginning in August 2005, Accenture LLP reviewed SPP's progress regarding its project management and participant readiness and presented a set of metrics to mark the progress/readiness of SPP to begin market operations. SPP's Market Testing Plan (dated August 16, 2006) consists of an overview document outlining SPP's Parallel Operations III, IV, and V; Structured Scenario Testing; Final Trials; and Deployment Testing objectives, activities, and timelines.

22. Xcel filed comments questioning whether SPP has complied with the Commission's order regarding SPP's Market Readiness Metrics. Xcel states that it is not clear that SPP's Market Readiness Metrics have been independently evaluated and

¹⁹ The sixth line of section 3.2 reads "resulting directly or indirectly from such Party's performance of its obligations under this."

²⁰ The seventh line of section 3.2 reads: "Agreement on behalf of the Indemnified Party, except to the extent any such liability."

²¹ *SPP Market Order* at P 23.

believes that the Market Readiness Metrics are “materially deficient.”²² Xcel states that the metrics were developed by three separate groups: (1) Accenture LLP developed the core set of metrics; (2) the Market Operations Tools Readiness Task Force (MOTRTF) created additional metrics related to performance of operating systems such as the short-term load forecast tool; and (3) market participants developed the “enhanced metrics” due to a continuing concern about a lack of information related to system performance. Xcel asserts that Accenture LLP cannot be considered a “reasonably independent evaluator” of SPP’s Market Readiness Metrics since it has also provided additional services to SPP in conjunction with the development of the imbalance energy market. It adds that certain key metrics do not contemplate independent review, citing Metric 18.4, concerning deployment testing, for which the Market Metrics Deployment Task Force will render an opinion as to whether generation units were dispatched in the correct economic order.²³ Xcel requests that the Commission direct SPP to justify the independence of Accenture as the “independent evaluator” of SPP’s Market Readiness Metrics or, if SPP cannot provide such justification, to retain an independent entity to perform such evaluation.²⁴

23. Xcel also argues that the Market Readiness Metrics are deficient claiming that certain metrics have no standards by which to judge whether it has been met. Additionally, Xcel points out that in response to recognized omissions, the MOPC approved a set of six enhancements to the Market Readiness Metrics. While acknowledging that the enhanced metrics address certain deficiencies, Xcel claims additional issues exist including how well the reserve sharing system functioned during deployment tests and whether there are sufficient resources available to SPP to identify a reasonable market dispatch solution.²⁵ Xcel emphasizes that the sufficiency of dispatchable resources is a great concern, linking this to volatile prices experienced during deployment tests, and states that liquidity in the market is an issue that should be addressed in SPP’s Metrics.²⁶ Xcel also raises operational issues related to manually dispatching units without declaring an emergency, an action that appears to be inconsistent with the provisions of SPP’s OATT. Similarly, Xcel notes that SPP has

²² Xcel Comments at 2.

²³ Exhibit III, 18.4.

²⁴ Xcel Comments at 6.

²⁵ *Id.* at 7-8.

²⁶ *Id.* at 9-10.

developed a penalty factor white paper that suggests that SPP could direct a market participant to violate certain operating parameters to permit its market dispatch engine to solve without the tariff authority to do so.²⁷

24. We find SPP has complied with the Commission's directive to file independently evaluated Market Readiness Metrics at least 60 days in advance of its market start. Xcel complains that SPP's Market Readiness Metrics were not "independently evaluated." We disagree in as much as the original Market Readiness Metrics were the result of SPP hiring an outside consulting firm (Accenture LLC) which evaluated SPP systems, project management, and market participant readiness beginning in August 2005 and then provided a draft of the initial Market Readiness Metrics.²⁸ Xcel's concerns as to the Market Readiness Metrics' incompleteness/deficiency appear to be in many respects addressed by SPP and its market implementation task forces. We also find it reasonable that the initial Metrics required revision/enhancement. Indeed, we would be surprised if, in the course of market design and testing, additional issues were not uncovered, documented, and appropriate actions taken to resolve them prior to market launch. It seems SPP and the market participants, including Xcel, have followed this process exactly resulting in an expansion of the original Market Readiness Metrics. Xcel points out, based on market participant concerns, additional metrics were created by the MOTRTF and by the market participants in order to ensure SPP's market readiness. We conclude that SPP's process for developing its Market Readiness Metrics appears reasonable. Moreover, SPP states in its answer that it has hired the consulting firm Gestalt, LLC to perform an independent assessment of SPP's Market Readiness Metrics.²⁹ This directly addresses Xcel's "independent evaluation" concerns related to Accenture. We also note that SPP and its Board of Directors will ultimately decide SPP's readiness to begin its market operations after reviewing its readiness, including Gestalt, LLC's assessment. We will require SPP to file the report as part of its market Readiness Assessment at least 30 days before market start on an informational basis.

25. Lastly, we share Xcel's concerns that SPP may take actions to manage the market outside of the provisions in its OATT and Market Protocols. We caution SPP that its actions must be in accord with terms, conditions, and rates on file under the FPA. SPP should include details in its tariff on how its penalty factor solutions would or would not be used to make dispatch instructions to market participants as well as their use in setting

²⁷ *Id.* at 11-12.

²⁸ Exhibit III, Letter from John R. Roddy to Nick Brown.

²⁹ SPP Answer at 6.

prices, if indeed the penalty factors are used in the dispatch process. We view these actions as affecting rates, terms and conditions. Accordingly, they must be on file with the Commission if used to manage the imbalance market.

V. Section 205 Filing

26. SPP submits under section 205 of the FPA, previously accepted tariff sheets with a revised effective date to reflect the delay in the imbalance market start. In addition, SPP submits additional tariff changes related to the imbalance market. These proposals are discussed below in turn.

A. Revised Effective Date Tariff Sheets

27. SPP filed tariff sheets with an effective date of November 1, 2006, incorporating all previously accepted changes to the tariff related to its imbalance market to effect the delay in its market start date.³⁰ SPP notes that these sheets also reflect pending changes, most of which are the subject of other proceedings, and that it is not seeking approval of those changes in this docket.³¹ We conditionally accept SPP's revised effective date tariff sheets to be effective February 1, 2007, or such later date as SPP's imbalance market becomes effective, subject to SPP removing any pending changes.³² We remind SPP that it may not supersede pending tariff changes but may only supersede currently effective tariff language.³³ Accordingly, SPP is directed to refile all imbalance market tariff provisions (tariff sheets related to the imbalance market) seven days prior to market operations with the correct effective date. Such a filing must not include any pending tariff changes. In addition, the Commission requires SPP to refile its entire tariff within 60 days after the startup of the imbalance market with sheets reflecting the correct effective date and excluding any pending changes.

B. Other Changes

28. SPP also proposes additional changes to its OATT related to its imbalance market. These include: (1) revising Schedule 4, Energy Imbalance Service, to clarify that market

³⁰ As indicated above in P 7, the imbalance market startup has been delayed.

³¹ SPP Transmittal Letter at 5.

³² SPP did not identify the pending changes in the tariff sheets it submitted.

³³ See, e.g., *Great Lakes Gas Transmission Limited Partnership*, 103 FERC ¶ 61,133 at P 7 (2003).

participants will be allowed to purchase energy imbalance service from SPP on behalf of other market participants; (2) revising Attachment AE, Energy Imbalance Service Market, to increase the time for market participants to provide information to SPP, to add a formula on uplift charges, and to clarify certain language related to under- and overscheduling charges and uplift; and (3) revising Attachment AF, Market Power Mitigation Plan, to provide more information to market participants, such as the costs used to determine the offer caps, and to provide that the annual hours of constraint will be updated on a daily basis instead of weekly basis in the daily calculation of SPP's offer cap. Our preliminary analysis indicates that the proposed changes are just and reasonable and have not been shown to be unjust and unreasonable, unduly discriminatory or preferential or otherwise unlawful. Accordingly, we accept them for filing to be effective February 1, 2007 or the date of market start. Below, we outline some of the changes and address the limited protest of the TDU Intervenors.

1. Schedule 4 Changes

29. SPP proposes revisions to Schedule 4, Energy Imbalance Service, to clarify how transmission service charges will be calculated when a market participant exceeds a four percent deadband (with a two (2) megawatt minimum) of energy imbalance service beyond its existing transmission service reservation.³⁴ In addition, SPP adds language that permits one market participant to serve as the intermediary for another in the imbalance market. SPP states that the intent of this proposal is to allow smaller market participants to contract with larger market participants to purchase imbalance service on its behalf in order to facilitate participation in the imbalance market.³⁵ We find SPP's proposal for market participants to contract for energy imbalance service from other market participants to be a reasonable accommodation for smaller entities and shall accept it. We likewise accept the clarifying text regarding the calculation of transmission service obligation to be effective February 1, 2007, or the date of the imbalance market start.

³⁴ We note that in an order in Docket Nos. ER06-451-005 and ER06-451-006 issued October 26, 2006, 117 FERC ¶ 61,110 (2006), the Commission directed SPP to reinstate certain language originally ordered in the *SPP Market Order* to clarify SPP's intent to charge transmission owners serving grandfather and/or bundled retail load for transmission service in excess of their "scheduled" load. By accepting the proposed changes in this order, the compliance filing required in that order related to such matter is moot since SPP's changes here further clarify how an entity's transmission service obligation, if any, will be determined.

³⁵ SPP Transmittal Letter at 6-7.

2. Revisions to Attachment AE

30. In Attachment AE, section 3, Hour Ahead Period Activities, SPP proposes to change sections 3.1 (a), (b), and (c). Section 3.1(a) is revised to require market participants to submit new or revised Resource Plans up to 45 minutes prior to the Operating Hour rather than 30 minutes. Section 3.1(b) is revised to require market participants to revise energy schedules 30 minutes before the hour for those schedules that require North American Electric Reliability Council (NERC) tags (energy schedules that are inter-control area transfers) and 20 minutes before the hour for those schedules not requiring NERC tags (intra-control area transfers). Previously, all schedules were permitted to be changed up to 20 minutes before the hour. Section 3.1(c) is revised to require that Offer Curves must be submitted up to 45 minutes prior to the Operating Hour as opposed to 30 minutes. SPP states the changes are necessary to reflect changes made to the Market Protocols regarding the minimum market participant submission timing requirements for resource plans and energy schedules.³⁶

31. TDU Intervenors note that having a later (20 minute) deadline for submitting changes to energy schedules for those not requiring a NERC tag gives a clear advantage to load-serving entities who use resources that are in the same control area as their loads (generally most of SPP's transmission owners), versus other load serving entities (mostly TDUs) who rely more on resources in multiple control areas. However, rather than ask the Commission to require a uniform scheduling deadline to eliminate this discrimination, TDU Intervenors state they believe the system will be better served by enabling as many schedule changes as possible on 20 minutes' notice. TDU Intervenors do however, urge the Commission to revisit the issue of control area consolidation and whether it is necessary to eliminate undue discrimination.³⁷

32. We accept SPP's proposed changes to section 3.1. We agree with TDU Intervenors that allowing changes in energy schedules up to 20 minutes before the Operating Hour is beneficial in as much as market participants may better manage energy schedules and avoid imbalance energy charges. Accordingly, we will not impose a uniform scheduling deadline. We also note, as TDU Intervenors point out, that the Commission required a report from SPP one year after RTO operations began on the feasibility of consolidating its control areas. In sum, the report concluded that consolidating control area balancing authority responsibilities was technically feasible, but recommended that any consolidation be postponed until after the imbalance market

³⁶ *Id.* at 7.

³⁷ TDU Intervenors Protest at 2-3.

was operational.³⁸ We acknowledge the TDU Intervenors' concerns but will not direct SPP to pursue consolidation at this time. Instead, we direct SPP to re-assess the feasibility, cost, and benefits of any control area consolidation following its first year of imbalance market operation. Such an assessment should be filed with the Commission within 15 months following market operations as a report. The report should include a timetable for implementation if consolidation appears reasonable and practicable.

3. Additional Changes

33. SPP proposes four additional tariff modifications that it states are the result of its stakeholder process, provide additional clarity, and benefit market participants and therefore are just and reasonable.³⁹ The proposed changes: (1) specify the conditions under which a market participant may be exempted from uninstructed deviation charges and the procedure to follow to receive the exemption (section 4.1, Dispatch Process); (2) provide a tie-breaking mechanism if two or more resources have the same Locational Imbalance Price to clarify the process for assessing under- and over-scheduling penalties (sections 5.3 and 5.4, Under Scheduling Charges and Over Scheduling Charges, respectively); (3) add the charges and credits associated with the self-provision of losses and a formula for the recovery of uplift charges (section 5.6, Revenue Neutrality); and (4) amend Attachment AF, Market Power Mitigation Plan, to permit market participants to have the opportunity to review the costs annually that serve as the basis of the annual cost components of the SPP offer cap (section 3.2.4(a)). A second change to Attachment AF clarifies that the annual hours of constraint will be updated daily in the calculation of SPP's offer cap (section 3.2.4(b)). None of these modifications were protested.

34. We accept the proposed changes as reasonable to be effective February 1, 2007, or such later date as SPP's imbalance market becomes effective.

The Commission orders:

(A) SPP's tariff revisions consisting of Attachment AM, Meter Agent Services Agreement and conforming changes to section 1.2.8, Energy Imbalance Services Settlement, of Attachment AE as shown in the Appendix are accepted as in compliance with the *SPP Market Order*, subject to SPP filing a compliance filing within 30 days of the date of this order to provide the clarification required in this order.

³⁸ Control Area Consolidation Feasibility Study at 1 available at http://www.spp.org/Doc_Results.asp?Group_id=368.

³⁹ SPP Transmittal Letter at 4-10.

(B) SPP is directed to update the Table of Contents to include Attachments AH, AK, AL, and AM within 30 days of the date of this order.

(C) SPP's informational filing consisting of its Market Readiness Metrics—Release 3, Revised 8/15/2006 and a letter from Mr. John R. Roddy, Accenture LLP (Exhibit III) and SPP's Market Testing Plan (Exhibit IV) are accepted as in compliance with the *SPP Market Order*.

(D) SPP is required to file Gestalt, LLC's assessment of SPP's Market Readiness Metrics with the Commission for informational purposes at least 30 days before market start.

(E) SPP's tariff revisions proposed in Docket No. ER06-1467-000 as shown in the Appendix are accepted to be effective February 1, 2007, or such later date as SPP's imbalance market becomes effective as discussed in the body of the order.

(F) SPP is directed to re-assess the feasibility, cost, and benefits of any control area consolidation following its first year of imbalance market operation and to file its re-assessment with the Commission within 15 months following the start of market operations.

(G) SPP's proposed Revised Effective Date tariff sheets in Docket No. ER06-1467-000 are conditionally accepted, subject to SPP's filing revised tariff sheets seven days prior to market start, reflecting the actual market start date as the effective date and excluding any pending changes.

(H) SPP is required to refile its entire tariff within 60 days after the startup of the imbalance market with tariff sheets reflecting the correct effective date and excluding any pending changes.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

APPENDIX

Tariff Sheets Filed in Docket No. ER06-451-009 (Compliance Filing)

Southwest Power Pool
FERC Electric Tariff
Fourth Revised Volume No. 1

Attachment AM tariff sheets

Original Sheet No. 735
Original Sheet No. 736
Original Sheet No. 737
Original Sheet No. 738
Original Sheet No. 739
Original Sheet No. 740
Original Sheet No. 741
Original Sheet No. 742
Original Sheet No. 743

Attachment AE tariff sheets

Second Revised Sheet No. 628
Original Sheet No. 628A

Tariff Sheets with Revisions In Addition to the Effective Date Filed in
Docket No. ER06-1467-000

Southwest Power Pool
FERC Electric Tariff
Fourth Revised Volume No. 1

Second Revised Sheet No. 100
Second Revised Sheet No. 100A
Original Sheet No. 100A.01
Third Revised Sheet No. 617
Second Revised Sheet No. 618
Third Revised Sheet No. 636
First Revised Sheet No. 636A

Second Revised Sheet No. 637
Second Revised Sheet No. 640
Original Revised Sheet No. 640.01
Second Revised Sheet No. 646
Second Revised Sheet No. 647
Original Revised Sheet No. 647A
Second Revised Sheet No. 648
Second Revised Sheet No. 649
Second Revised Sheet No. 650
First Revised Sheet No. 650A
Original Revised Sheet No. 650B
Second Revised Sheet No. 651
Second Revised Sheet No. 672
Second Revised Sheet No. 673
Second Revised Sheet No. 674