

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 31, 2007

In Reply Refer To:
Southwest Power Pool, Inc.
Docket No. ER06-451-015

Michael E. Small, Esq.
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1200 G Street, N.W., Suite 600
Washington, D.C., 20005-3802

Dear Mr. Small:

1. On December 15, 2006, Southwest Power Pool, Inc. (SPP) submitted revisions to its Open Access Transmission Tariff (OATT or tariff) pursuant to the Commission's November 17, 2006 Order.¹ In the *November 17 Order*, the Commission conditionally accepted SPP's Offer of Settlement,² negotiated between SPP and its balancing authorities detailing the divisions of functional responsibilities among SPP and balancing authorities participating in the SPP energy imbalance service market (imbalance market).³ The Commission found that sections 4.9.6, 6.3, and 8.1 of the Agreement needed clarification and directed SPP to refile the Agreement with modifications within 30 days of the date of order.⁴

¹ *Southwest Power Pool, Inc.*, 117 FERC ¶ 61,207 (2006) (*November 17 Order*).

² The Offer of Settlement contained the Balancing Function Agreement (Agreement).

³ On December 22, 2006, SPP filed a market readiness certification stating that the imbalance market will be ready to start on February 1, 2007 (Docket No. ER06-451-017).

⁴ *November 17 Order*, 117 FERC ¶ 61,207 at P 52.

2. Pursuant to the Commission's directive, SPP submits the following: (1) new Attachment AN (Balancing Function Agreement) with revisions in sections 6.3, 8.1, 8.1(c), and 4.9.6; and (2) revisions to its existing Attachment AE (Liabilities Relating to Balancing Function Agreement), *i.e.* section 8, establishing liabilities related to the balancing functions explained in Attachment AN. SPP requests an effective date of February 1, 2007. In this order, the Commission will accept SPP's proposed revisions, to become effective February 1, 2007, subject to further compliance, as discussed below.
3. Notice of SPP's December 15, 2006 compliance filing was published in the *Federal Register*, 71 Fed. Reg. 78,177 (2006), with interventions and protests due on or before January 5, 2007. Golden Spread Electric Cooperative, Inc. (Golden Spread) filed timely comments.
4. Golden Spread states that SPP has deviated from the Commission's *November 17 Order* by adding an additional word not included in the Commission directive.⁵ Specifically, it states that SPP has added the word "management" to section 4.9.6 of the Agreement without an explanation.⁶ Therefore, Golden Spread argues that the

⁵ In the *November 17 Order*, the Commission directed SPP to modify section 4.9.6 of the Agreement "to clarify that balancing authorities may not preempt SPP's day-ahead resource planning authority under Attachment AE." *Id.* P 50.

⁶ SPP's proposed section 4.9.6 states as follows:

The Balancing Authorities retain the responsibility of resource commitment to ensure reserve (SPP Criteria 6) sufficiency. The Balancing Authorities (to the extent that Market Participants have coordinated day ahead resource and Ancillary Service Plans with SPP and SPP has validated those plans against the Market Participants' obligations [Attachment AE]) in coordination with SPP and the other Market Participants within the Balancing Authority Area, will monitor and manage resource commitment to meet real-time demand and reserve sharing obligations. SPP will continue to manage the day-ahead resource commitment planning process pursuant to Attachment AE. Nothing in this section shall be construed as permitting the balancing authorities to preempt SPP's day-ahead resource planning *management* authority under Attachment AE. (emphasis added).

Commission should reject SPP's filing or at least direct SPP to clarify that the added word *management* will not change the substance of SPP's authority regarding day-ahead resource planning under the provisions of Attachment AE and, therefore, would remain the same.

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), the timely, unopposed motion to intervene serves to make the entity that filed it a party to this proceeding.

6. We find that SPP has made the appropriate modifications to its Agreement pursuant to the Commission's directives in the *November 17 Order*. However, we agree with Golden Spread that the meaning of the terms "planning management authority" is not clear. Therefore, we will accept SPP's compliance filing, to become effective February 1, 2007, subject to SPP revising section 4.9.6 of the Agreement by removing the word *management* from the terms "planning management authority." SPP is directed to make the necessary revisions to its OATT and submit a compliance filing within 30 days of the date of this order.

By direction of the Commission.

Magalie R. Salas,
Secretary.