Federal Energy Regulatory Commission
October 18, 2012
Open Commission Meeting
Staff Presentation
Items E-4

"Good morning Mr. Chairman and Commissioners.

"In addition to those of us at the table, we would like to thank the rest of the team which includes staff from the Office of Energy Market Regulation, the Office of the General Counsel, the Office of Electric Reliability, the Office of Energy Policy and Innovation, and the Office of Enforcement.

"As proposed by SPP, the Integrated Marketplace includes day-ahead and real-time energy and operating reserve markets. These markets are co-optimized and utilize locational marginal pricing which reflects marginal losses and the marginal cost of congestion. The Integrated Marketplace establishes a day-ahead market obligation and virtual bidding.

- SPP will perform a Multi-Day Reliability Assessment prior to the day-ahead market to manage the commitment of long-start resources. Also, SPP will conduct reliability unit commitment processes to enhance reliability.

- In addition, the Integrated Marketplace includes a market-based congestion-management program that allocates auction revenue rights and uses transmission congestion rights.

- SPP proposes to consolidate the 16 balancing authority areas in the SPP footprint into a single balancing authority area operated by SPP.

- Under the Integrated Marketplace, as modified, these markets will be monitored and mitigated, as necessary, by an Internal Market Monitor according to a revised mitigation plan.

"The draft order conditionally accepts SPP's proposal finding that the Integrated Marketplace, as modified, will improve market efficiency, facilitate centralized unit commitment, and provide for centralized operating reserve procurement. The draft order finds that, as modified, the market-based congestion management program will allocate firm transmission rights in a simultaneously feasible manner, allow for congestion cost hedging, and recognize the historical rights of firm transmission customers. In addition, the draft order finds that the market-based provision of operating reserves and the consolidation of Balancing Authority Areas will facilitate the integration of wind-powered Variable Energy Resources into SPP.

"SPP proposes to launch the Integrated Marketplace on March 1, 2014. In order to ensure that a well-designed market is in place by this date, the draft order accepts SPP's filing, subject to compliance filings and informational filings. Further, the order conditionally accepts the Integrated Marketplace, subject to SPP's submission of plans necessary for the commencement of the new market, which include readiness and reversion plans, and a readiness certification.

"Some of the compliance filings required by the draft order are needed to comply with previously issued Commission orders. For example, the draft order requires SPP to clarify the demand response provisions of the Integrated Marketplace to conform to Order No. 719. Other compliance directives address market design issues and matters related to the transition from the current market.

"This concludes our presentation. We would be happy to answer any questions

"Thank you."