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December 10, 2013

VIA E-MAIL

Western Area Power Administration
Upper Great Plains Region
2900 4th Avenue North
Billings, MT 59101-1266

Subject: Municipal Energy Agency of Nebraska Comments on SPP Membership

We value our long-standing relationship with Western and appreciate the opportunity to comment on the recommendation from the Western Area Power Administration (Western) to pursue Regional Transmission Organization (RTO) membership with the Southwest Power Pool (SPP). The Municipal Energy Agency of Nebraska (MEAN) is an organization that was created for the purpose of planning, acquiring, financing and operating facilities to generate and transmit electric power and energy. Our services include power supply and control area support, dispatching, energy load forecasting, wheeling arrangements, load research, community development and energy cost analysis. We currently provide these services to 69 Participants located in Iowa, Nebraska, Wyoming and Colorado; 63 of which are total requirements participants.

MEAN is very interested in Western's recommendation to become a member of SPP. Of our 63 total requirements participants, 26 receive firm power and energy allocations from Western Upper Great Plains. For these communities, MEAN provides transmission services for power and energy which they are entitled to receive from Western. MEAN also provides scheduling services for three municipals in Nebraska with Upper Great Plains allocations. It is imperative that we have a full understanding of the benefits and the potential negative impact that RTO membership would have on MEAN and our Participants and how it will affect their allocation and rates.

MEAN submits the following specific concerns and/or questions:

Mission

1. How does this decision fit with the mission of Western and preference customers?

2. Will Western have dedicated staff to seek and provide information for preference customers?
3. How will Western distribute information and seek feedback regarding arrangements made with SPP?
4. Who will submit additional FERC filings or other steps necessary to complete Upper Great Plains East (WAUE)/Upper Great Plains West (WAUW) joining SPP?
5. How will the current allocation scheduling methodology be applied in the day-ahead market?
6. How will this impact the long-term contracts that were recently signed between preference customers in early 2013 and will they need to be modified?
7. How will this affect Western's preference customers served in multiple regions under multiple projects?
8. How will Western handle their costs/rate structure when the transition is made?
9. Will Western's primary mission be load serving and/or ancillary services? Which market services will Western participate in? If participating in the ancillary services market, will revenue from this flow to the preference customers?
10. How was this decision to become a member of SPP influenced by the Department of Energy's initiative to expand Western's transmission system to accommodate additional generation from renewable resources?
11. Will Western dedicate staff to the Working Groups within SPP to become an active participant in shaping the direction of SPP and protect the interests of its preference customers?
12. Will Western be subject to withdrawal fees should they choose to depart the RTO consistent with other Transmission Owning Members?

Transmission

1. Will MEAN require a Western Grandfather Agreement (GFA) right to deliver energy to existing SPP/MISO footprint; and if so, will there be any charges for that?
2. Will there be a transmission charge for delivery of allocations to MISO, but not to SPP customers?
3. When can SWPP transmission requests be made to source/sink in the WAUE/WAUW footprint of the future SPP with Western as a member?
4. For preference customers serving load outside the SPP footprint receiving Upper Great Plains allocations, will there be additional charges assessed outside the footprint for transmission?
5. How will transmission congestion rights be handled throughout the system?
6. How will transmission improvements be funded?

Market

1. Will MEAN or its members get congestion rights from certain generators or a slice of resources?

2. Will MEAN be scheduling Bilateral Settlement Schedules (BSS) for allocations at a generator bus or at several buses?
3. How will settlement of the generation schedules correspond to congestion rights?
4. Will the large hydropower generation units be economically dispatched in the SPP Market?
5. Will the generation cost be assessed at the generator bus or will they be net assessed versus the market value?
6. If the units are not economically dispatched, how will current preference customer schedules be affected?

Westward RTO Expansion

1. Can Loveland Area Projects (LAP) east facilities be included in the WAUE/WAUW transmission pricing zone so that MEAN can avoid a LAP/SPP pancake to serve that load? If so, will improvements at the Sidney DC Tie also be included for rate recovery in the new SPP WAUW/WAUE price zone?
2. Are there future plans to expand the SPP footprint to the West into Western's Rocky Mountain Region?

Cornbelt Plans

1. Rockford, IA, is a Total Requirements Participant of MEAN. Deliveries to Rockford utilize Cornbelt transmission. What role will Western play in Cornbelt's decision to join SPP or MISO?
2. Will the Cornbelt transition be similar to the Western transition?
3. What is Western's position for Cornbelt to join SPP?
4. Was Cornbelt included in Western's assessment of SPP vs. MISO?

MEAN has experience with SPP, MISO and three types of allocations of Western projects in the West. Achieving common goals of low cost power supply and mitigating unintended consequences to preference customers should be paramount as more details of Western's transition to SPP are considered and determined. MEAN appreciates the attention Western has demonstrated for the perspective of preference customers. Thank you for asking for input and MEAN looks forward to the answers.

Sincerely,



J. Gary Stauffer
Executive Director
Municipal Energy Agency of Nebraska

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