



Western  
Area Power  
Administration

# Discussion on Markets

June 30, 2016

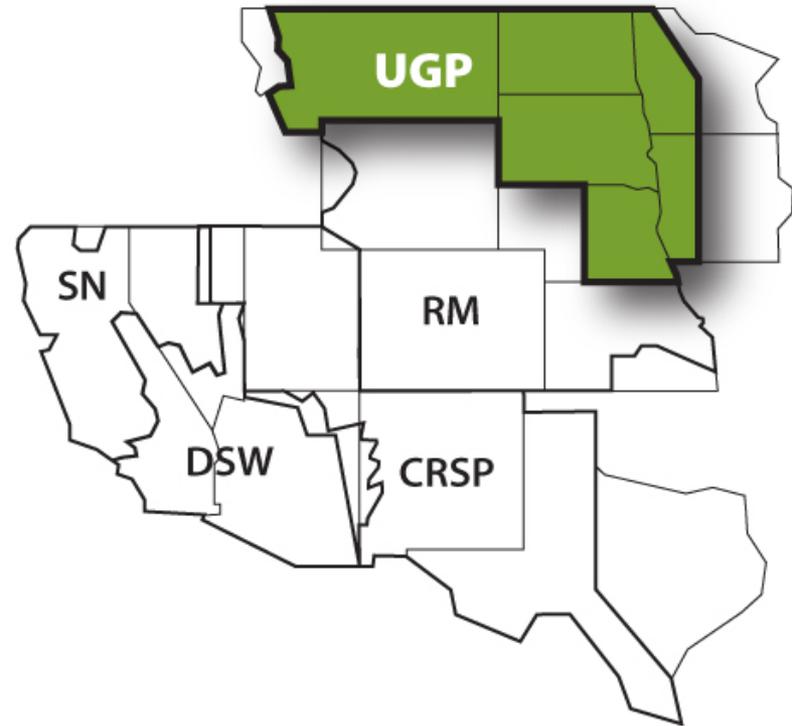


SPP Membership Update  
Jody Sundsted  
VP, Power Marketing, UGP Region

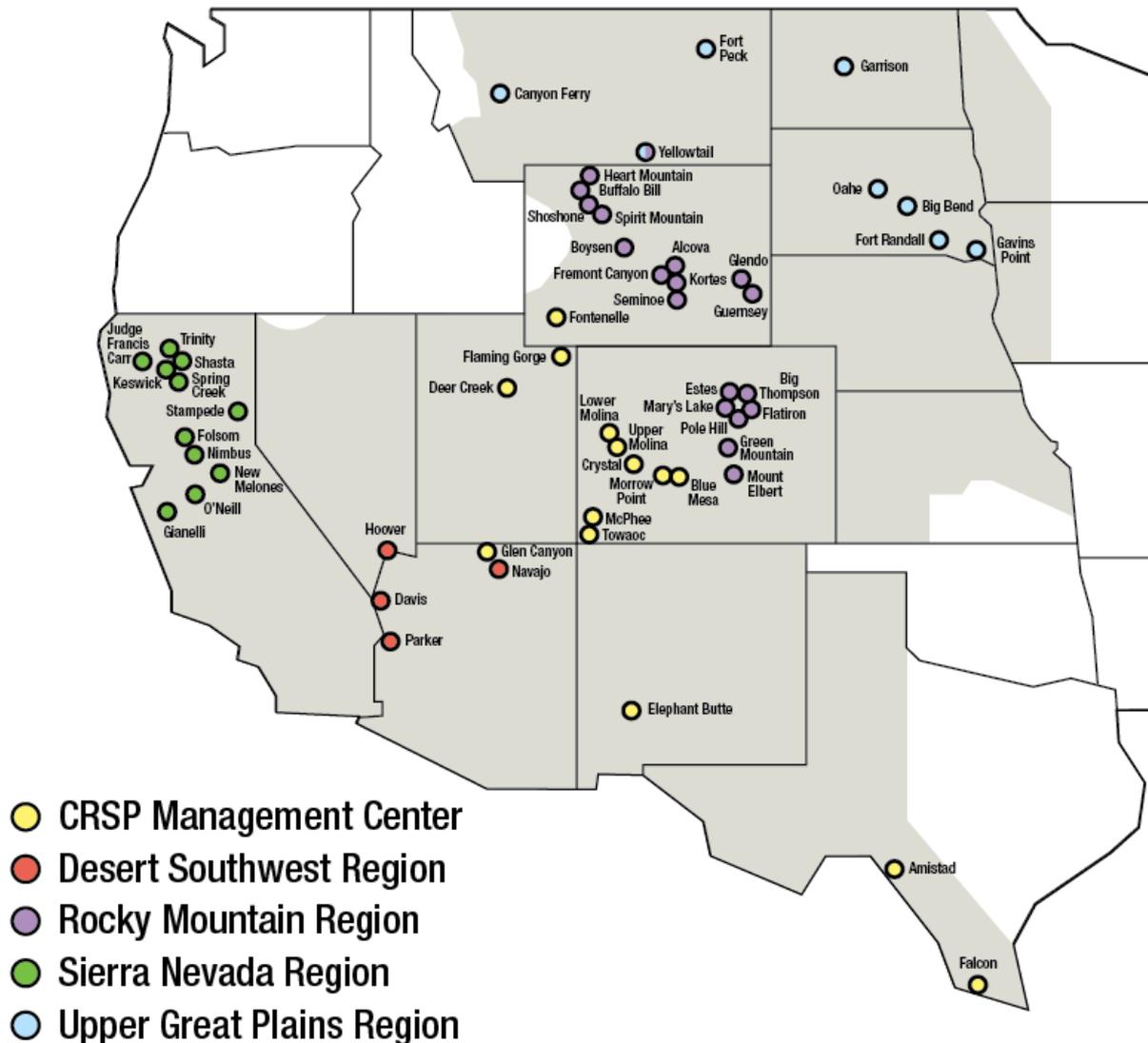
Phoenix, Arizona

# SPP Update

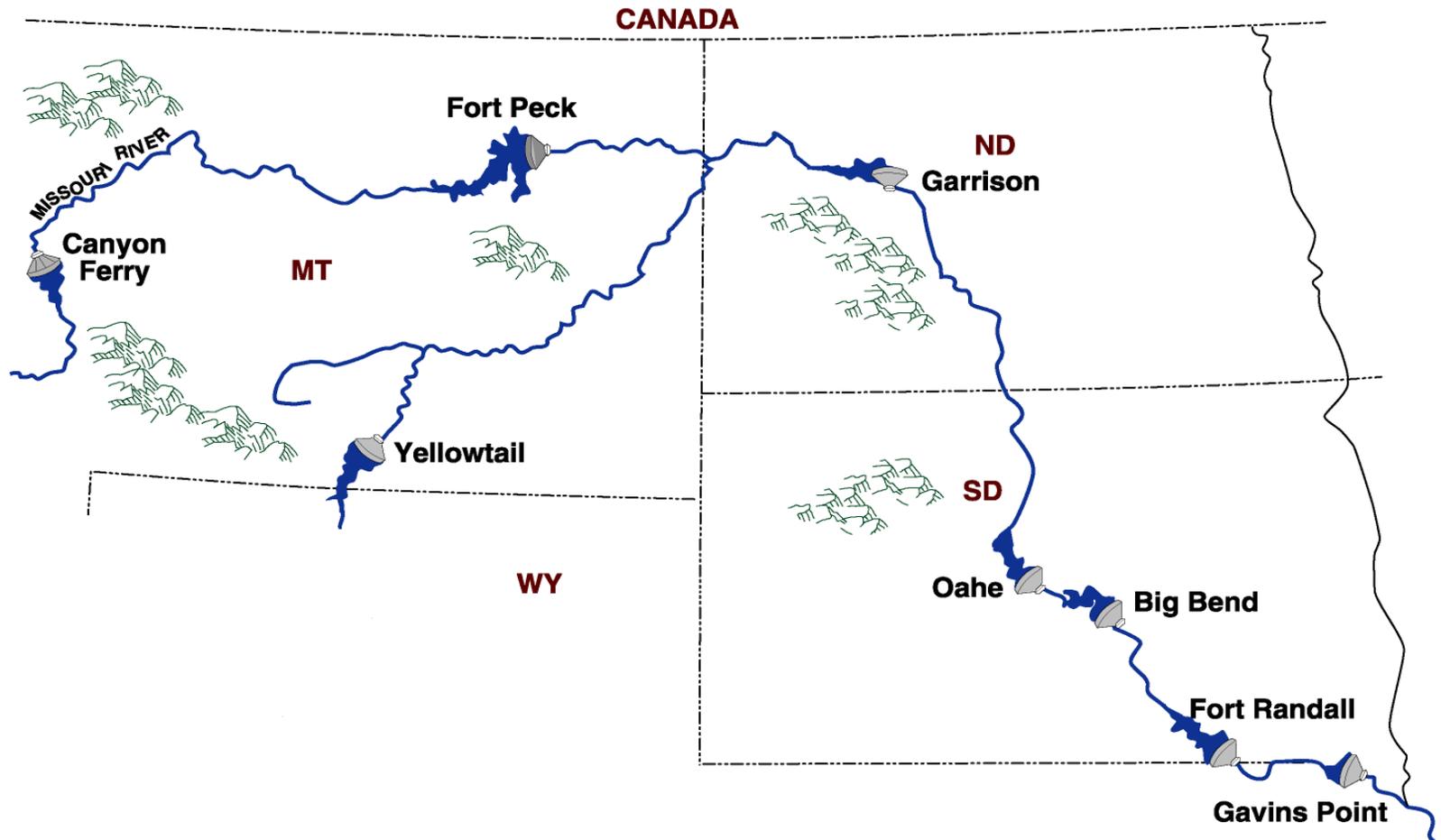
- Background
- Integration
- Current Operations
  - Merchant
  - Settlements
  - Transmission/Reliability
- Summary
- Questions



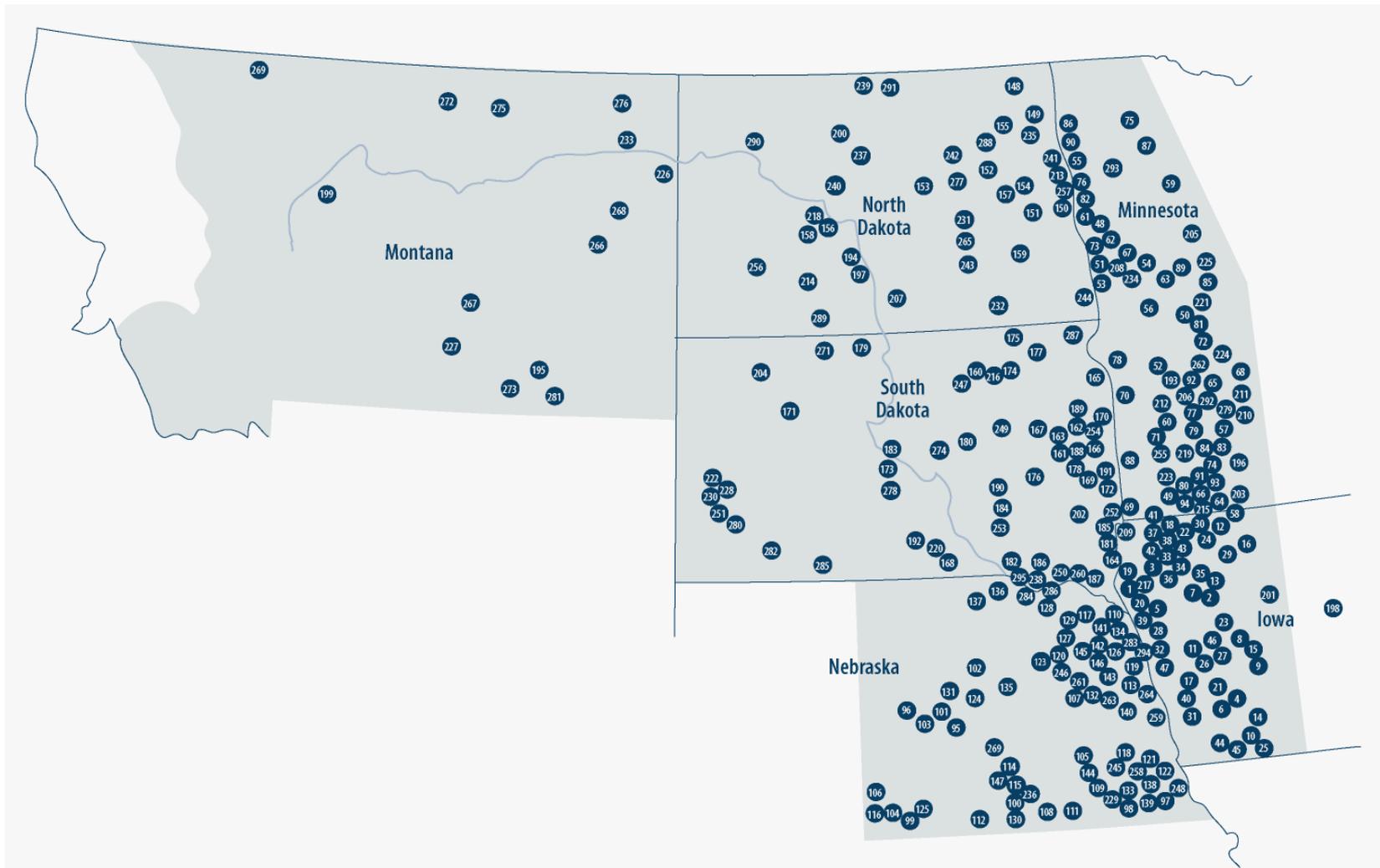
# Where WAPA gets Power



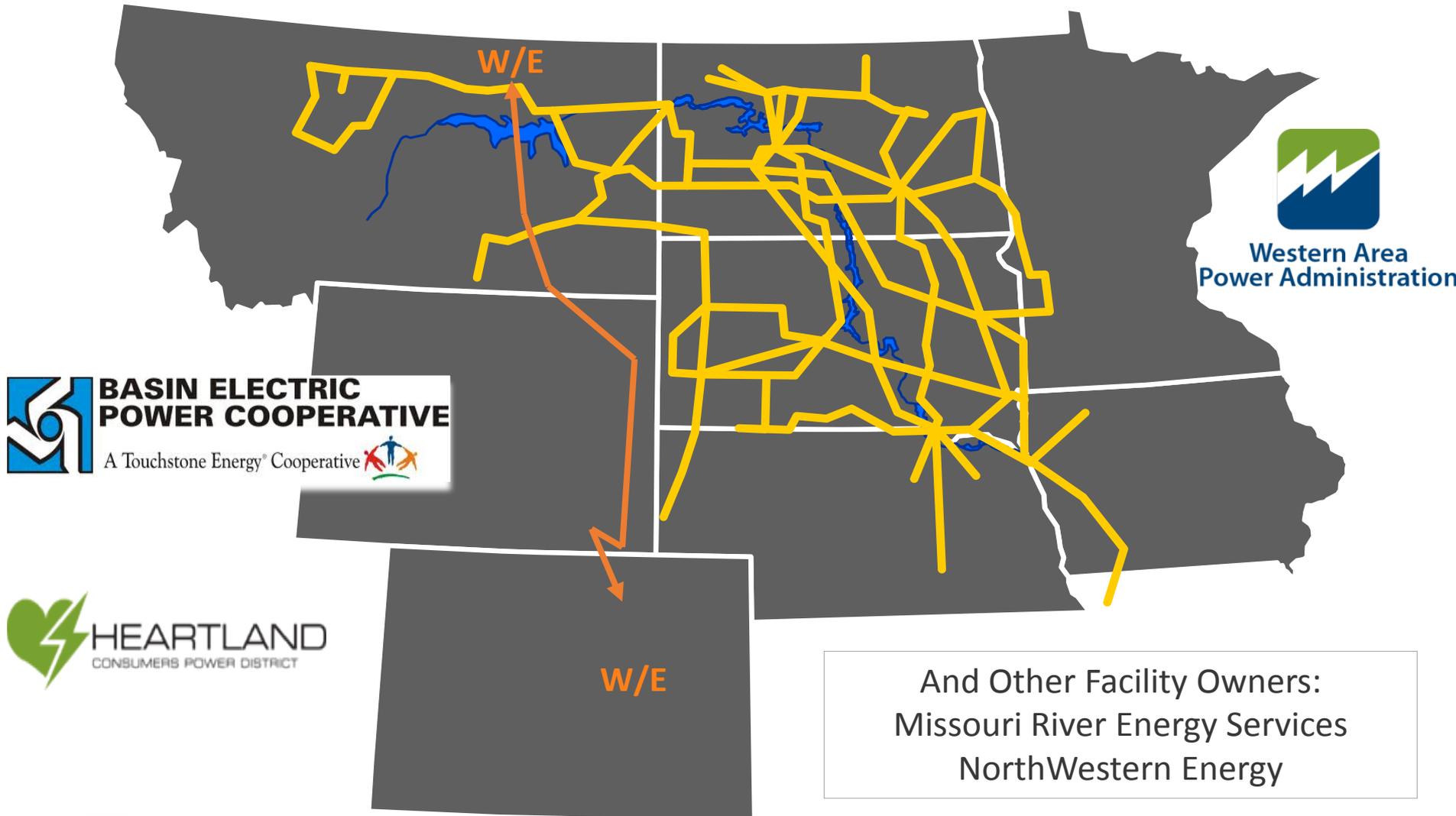
# Where UGP Gets Power: Pick-Sloan Missouri Basin, Eastern Division



# UGP Firm Power Customers



# Integrated System



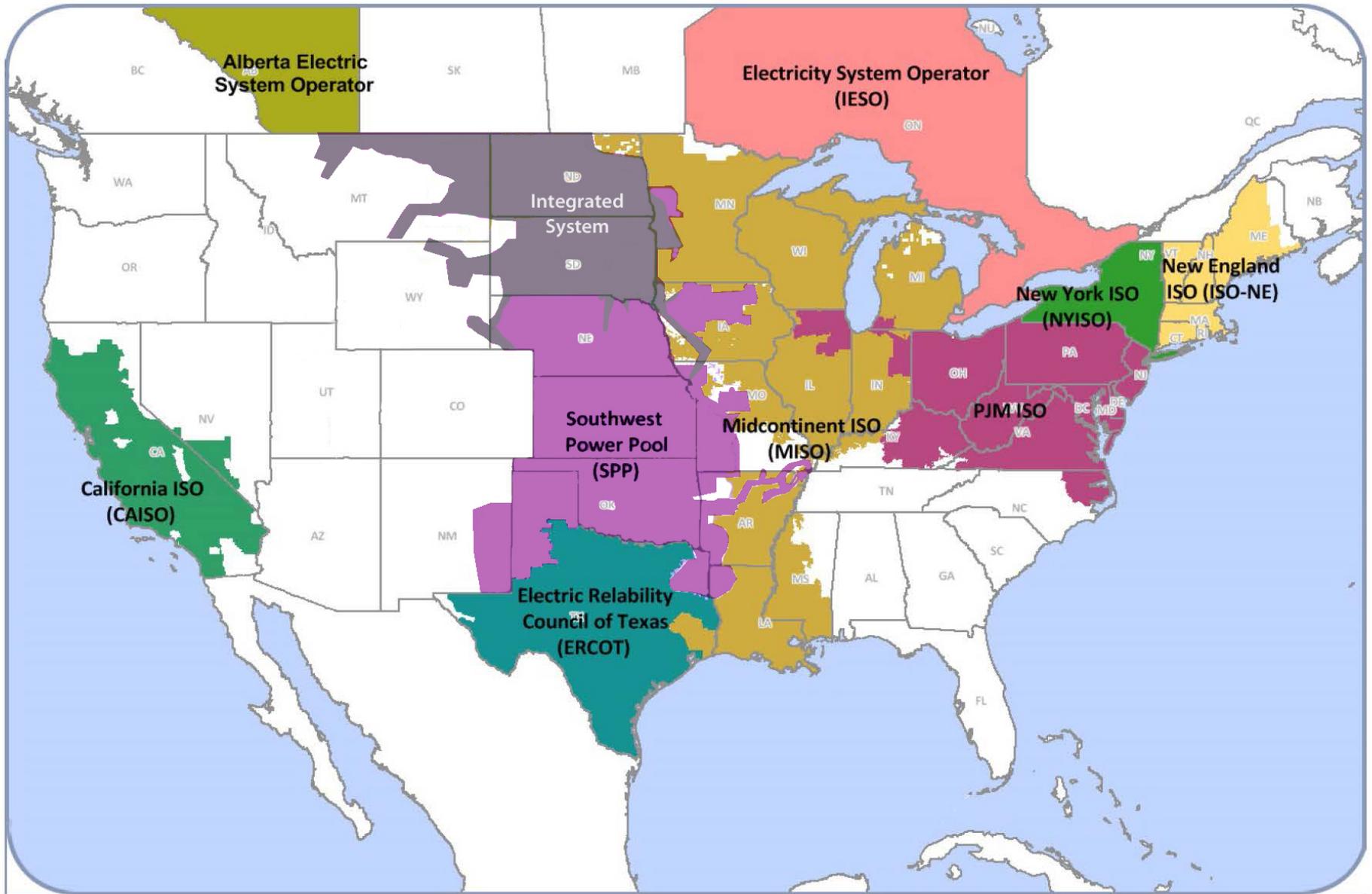
 **BASIN ELECTRIC  
POWER COOPERATIVE**  
A Touchstone Energy® Cooperative 

 **HEARTLAND**  
CONSUMERS POWER DISTRICT

And Other Facility Owners:  
Missouri River Energy Services  
NorthWestern Energy



# North American Regional Transmission Organizations



# Integration into SPP: Public Process

- Public Comment period
  - Noticed in *Federal Register*
  - November 1- December 16, 2013
- Authorization to move forward:
  - Issued January 9, 2014
  - Staff notified to pursue formal negotiations for membership in SPP



# Integration into SPP:

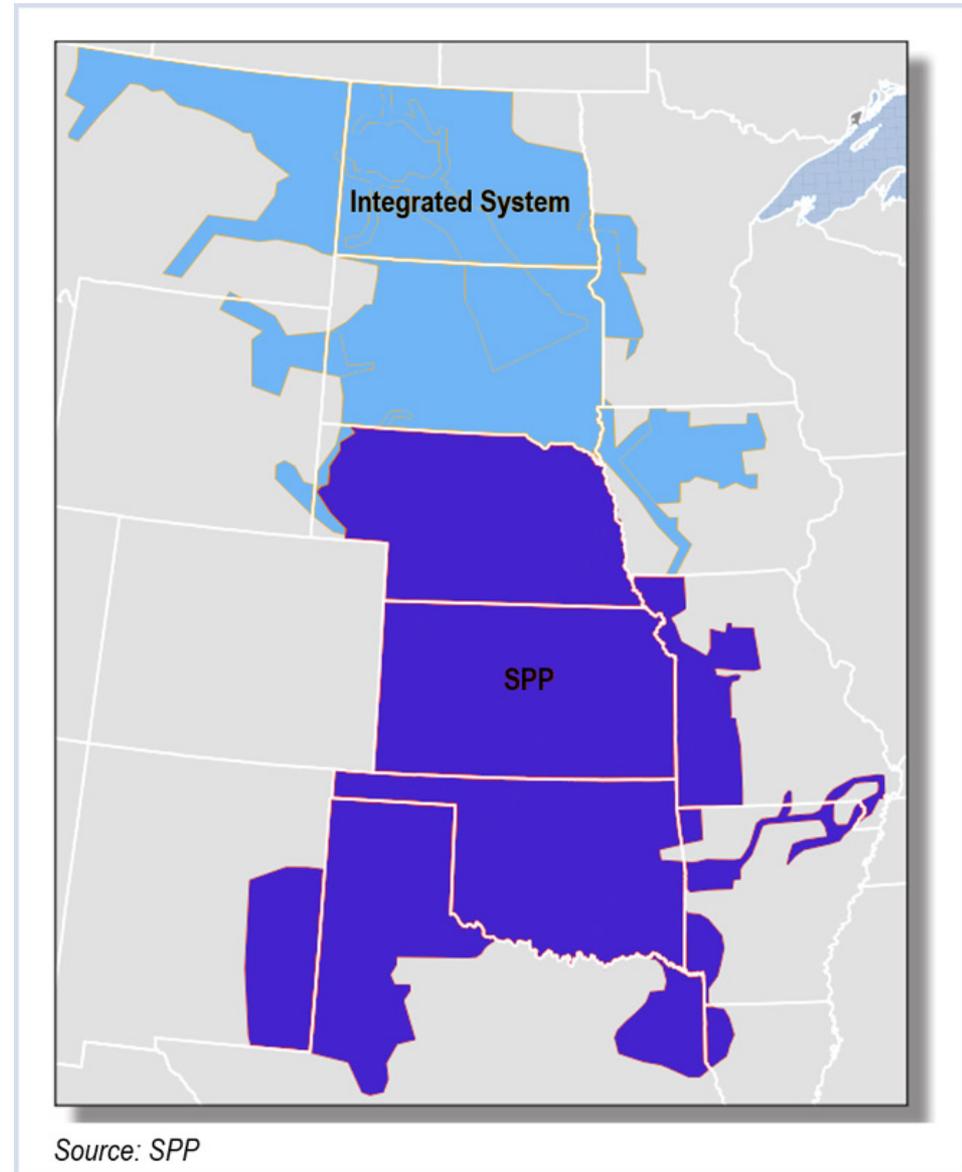
## Tariff

- Negotiations started January 2014 with SPP membership
- SPP Board approval in June 2014
- SPP filed Tariff, By-laws, Membership Agreement changes in June 2014
- FERC conditionally accepted filing November 2014



# Tariff Integration

- FERC Proceedings almost completed
- WAPA active in several filings of other Transmission owners joining SPP



# Integration into SPP:

## Task List

- IS transmission service converted to SPP
- Operational changes within the SPP footprint
- Market registration for loads and generation
- Load serving coordination with Co-suppliers
- Generation coordination with Corps of Engineers
- Market meter installation and data distribution
- Operational and financial data interface with SPP



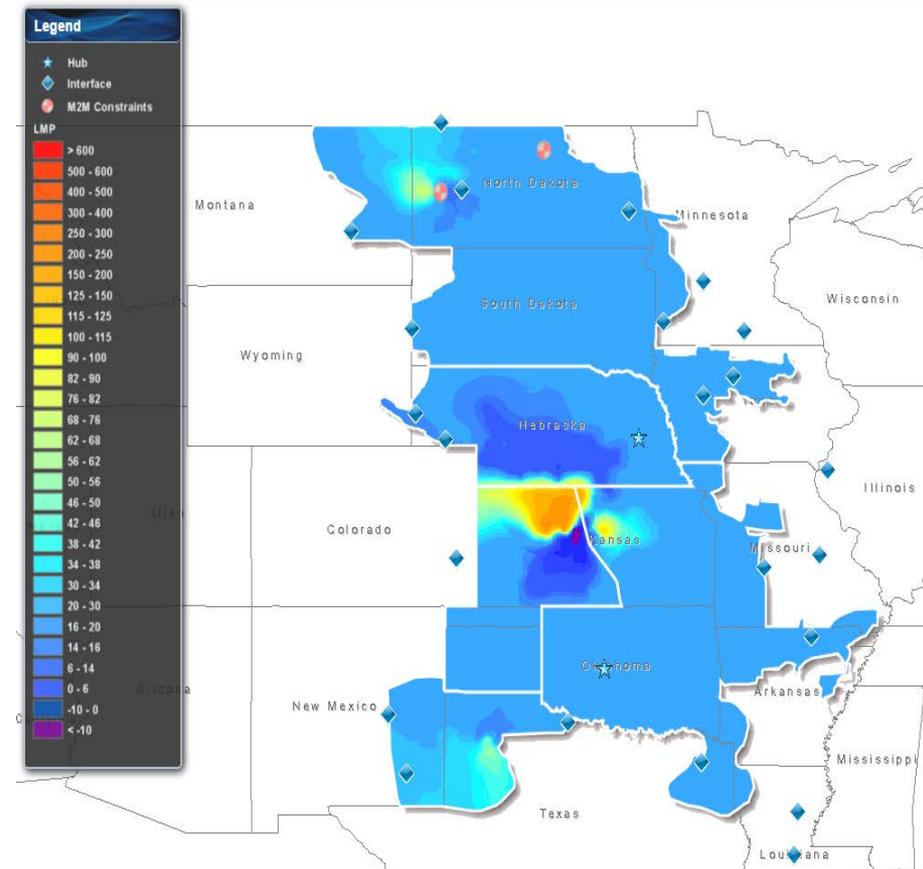
# Task List

- Equipment and software development requirements
- UGP Transmission Rate filing
- West system agreement with SPP
- Market Trials
- Staff Training
- Reliability Coordinator Services transfer from MISO to SPP
- Planning Coordinator Services transfer from MAPP to SPP



# Current Operations: Cut Over

- Midnight October 1, 2015:
  - UGP transferred operational control over to SPP
- Smooth transition:
  - No significant issues



# Current Operations: Merchant

- Hydro generation offered into the SPP Day-ahead Integrated Marketplace
- Hourly load obligation is coordinated with co-suppliers
- Regulation Up/Down, Spin, and Reserves offered but mostly not accepted
- Continue to evaluate market strategies



# Current Operations: Settlements

- UGP receives a weekly invoice from SPP for market activities and monthly SPP transmission invoices
- Re-organized distributed settlements and power billing work into one new Settlements
- Settlements analytics are key to understanding financial results of your activities

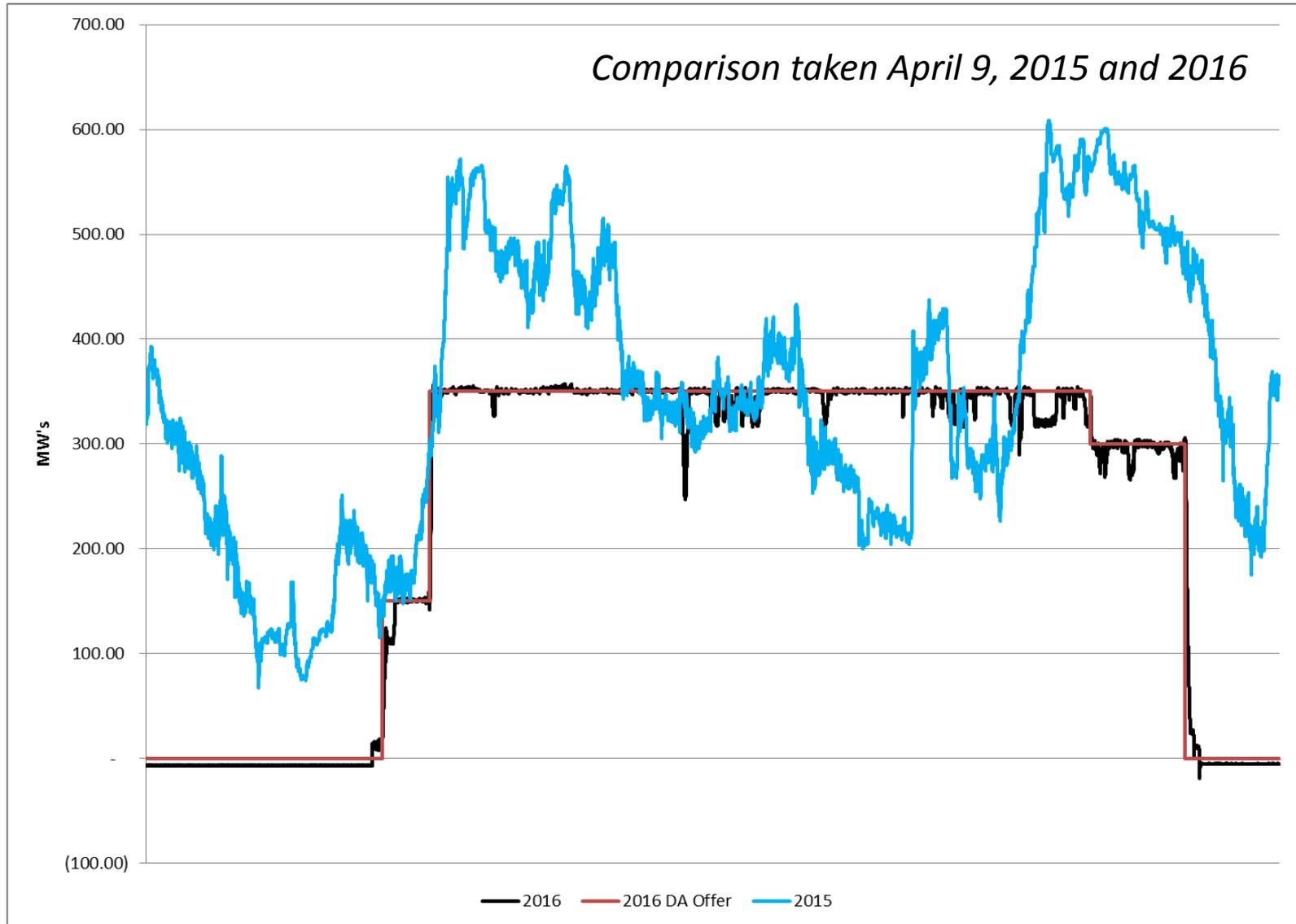


# Current Operations: Transmission/Reliability

- Merged WAPA east-side (WAUE) Balancing Authority (BA) into SPP BA
  - No longer calculating and controlling to an Area Control Error signal (ACE)
  - Now have several plants on control instead of only one
  - Still doing after-the-fact checkouts with the adjacent Local BA's and BA's
  - The Miles City DC tie is no longer an internal tie, now a tie between SPP and WAPA west-side BA (WAUW)



# Oahe Generation: Actuals, 2016 and 2015



# Summary

- SPP provides greater flexibility
  - Creates more options for buying and selling
  - Reduces constraints in delivering power
- Helps keep costs low for customers
- 9 Months of Operation
  - 38 market invoices
  - 7 transmission invoices
- Alternate Operations Study
  - \$11.5 M net benefits predicted initial year savings/cost avoidance
- Savings estimated to be greater than the AOS

