



Control Number: 41210



Item Number: 6

Public Utility Commission of Texas

Memorandum

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PUBLIC UTILITY COMMISSION
FILING CLERK

TO: Interim Chair Kathleen Jackson
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty

FROM: Commissioner Will McAdams *WM*

DATE: August 2, 2023

RE: Item No. 27, Project No. 41210 - *Information Related to the Southwest Power Pool Regional State Committee*

As I discussed at the July 20, 2023 open meeting, the Southwest Power Pool has recently had its quarterly meetings of the Regional State Committee and the Board of Directors. I wanted to highlight some of those activities and give an update on the work of the Resource and Energy Adequacy Leadership (REAL) Team.

At its July 2023 meetings, SPP's Regional State Committee and Board of Directors adopted the REAL Team recommendation on Revision Request 549, the winter season resource adequacy requirement. The Revision Request set the planning reserve margin (PRM) for the winter season at 15%—the same as the summer margin—and specified a deficiency payment. There is a remaining concern about how maintenance outages will be addressed, but that will be addressed in an upcoming revision request.

Another important topic of discussion was the westward expansion of SPP into RTO West and Markets+. Specifically the question of how to equitably balance the interests of the existing members with a potentially rapid expansion into several western states will be an active topic of discussion going forward. SPP hopes to have integrated parts of Colorado, Utah, and, potentially, Arizona by 2026. Ultimately the question of fair governance will be of great interest to me and will be important to Texas ratepayers in SPP over the next two years.

The upcoming objectives for the REAL Team are attached—as you can see the REAL Team will be busy in the coming months. I would like to highlight that in the October timeframe, a ramping capacity requirement will be discussed with a view towards forming a policy later in 2024. We also expect to deliver revision requests for Performance Based Accreditation and Effective Load Carrying Capability (ELCC). I'm looking forward to seeing how SPP's ELCC analysis compares with the analysis done by Astrape for ERCOT earlier this year.

For 2024, the REAL Team intends to further develop the winter PRM and address it separately from the summer PRM. This will require the development of improved maintenance outage policies. With these developments, we will need to approve new Value of Lost Load and

Effective Unserved Energy metrics and associated applications. Both metrics will serve as the basis for SPP's consideration of a new reliability standard. As these metrics will be following on the heels of similar projects here in ERCOT, I believe that both system operators and the Commission will benefit from this work.

I look forward to discussing this matter with you at the August 3, 2023 open meeting.

REAL TEAM OBJECTIVES

REAL to make Recommendations to MOPC, RSC, & BOD

OCTOBER 2023

Ramping Capacity

PRIMARY WG: SAWG | Subgroup Ops

- Approve an RR to add a requirement for ramping capacity, binding beginning with the summer of 2026. This will begin to address the region's need for reliability attributes in our resource mix.

Performance Based Accreditation & Effective Load Carrying Capacity Policies

PRIMARY WG: SAWG | Subgroup RA

- Approve RRs to codify the previously approved Performance Based Accreditation and Effective Load Carrying Capacity policies in the tariff.

Fuel Assurance

PRIMARY WG: SAWG | Subgroup RA

- Approve an RR that clarifies and/or strengthens fuel requirements for accredited capacity resources.



REAL TEAM OBJECTIVES

REAL to make Recommendations to MOPC, RSC, & BOD

JANUARY 2024

Maintenance Outage Policy

PRIMARY WG: ORWG | Subgroup Ops

- Develop improved maintenance outage policies.



REAL TEAM OBJECTIVES

REAL to make Recommendations to MOPC, RSC, & BOD

APRIL 2024

Winter PRM

PRIMARY WG: SAWG | Subgroup RA

- Establish a winter PRM determined separately from the summer PRM.

VOLL Metric

PRIMARY WG: MWG | Subgroup Mkts

- Approve a Value of Lost Load (VOLL) metric and associated usage policy.

EUE Metric

PRIMARY WG: SAWG | Subgroup RA

- Approve an Expected Unserved Energy (EUE) metric and associated usage policy.

PRM Stabilization

PRIMARY WG: SAWG | Subgroup RA

- Develop appropriate PRM stabilization and predictability processes and/or policies.

Generation Interconnection

PRIMARY WG: SAWG | Subgroup RA

- Develop Generation Interconnection improvement policies.

Demand Response

PRIMARY WG: SAWG | Subgroup RA

- Develop and receive approval for a Demand Response policy to clarify how interruptible load can qualify as accredited capacity.

STP