

# MARKETS+ UPDATE

DECEMBER 1, 2022

# AGENDA

- Markets+ Service Offering Timeline
- Markets+ Stakeholder Discussion in Denver November 15-16, 2022
  - Focus on Governance Discussion
- Markets+ Phase One Governance
- Incorporation of State MOU Comments in Final Service Offering
- Next Steps for Markets+

# **MARKETS+ SERVICE OFFERING TIMELINE**

# SPP MARKETS+ DEVELOPMENT TIMELINE

- Markets+ Development Activity Timeline
  - December 2021 Kickoff
- In-person meetings
  - Phoenix, AZ - March 29-30, 2022
  - Denver, CO - June 1-2, 2022
  - Portland, OR - August 9-10, 2022
  - Denver, CO - November 15-16, 2022
- September 2022: Draft Service Offering Posted
  - Interested Parties submitted comments and clarification requests
- November 30, 2022: Final Service Offering Posted

# SPP MARKETS+ DEVELOPMENT TIMELINE

- Entities of 50,000 MWs have committed Markets+ Phase 1:
- Northwest Entities
  - Bonneville Power Administration, Avista Corp., Chelan County Public Utility District, Grant County Public Utility District, Powerex Corp., Puget Sound Energy and Tacoma Power
- Southwest Entities
  - Arizona Electric Power Cooperative, Arizona Public Service Company, Salt River Project and Tucson Electric Power

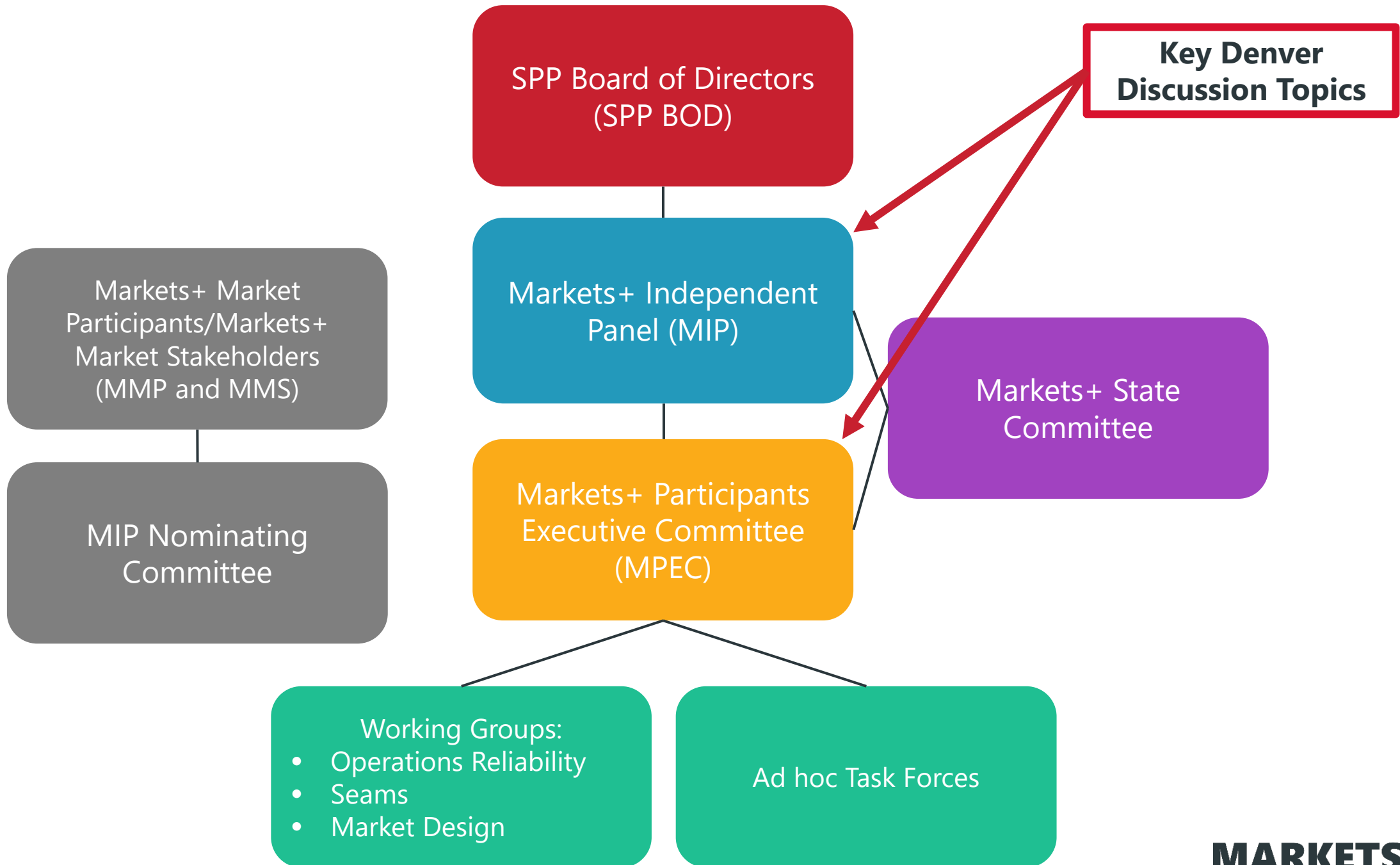
# **MARKETS+ STAKEHOLDER DENVER DISCUSSIONS NOVEMBER 15-16, 2022**

# MAJOR MARKETS+ TOPICS – DENVER, CO

NOVEMBER 15-16, 2022

- Governance
- Market Design
- Greenhouse Gas Design
- Transmission
- Market Monitoring
- RA and WRAP Interoperability

# GOVERNANCE FOCUS



# DISCUSSION: MPEC VOTING OPTIONS

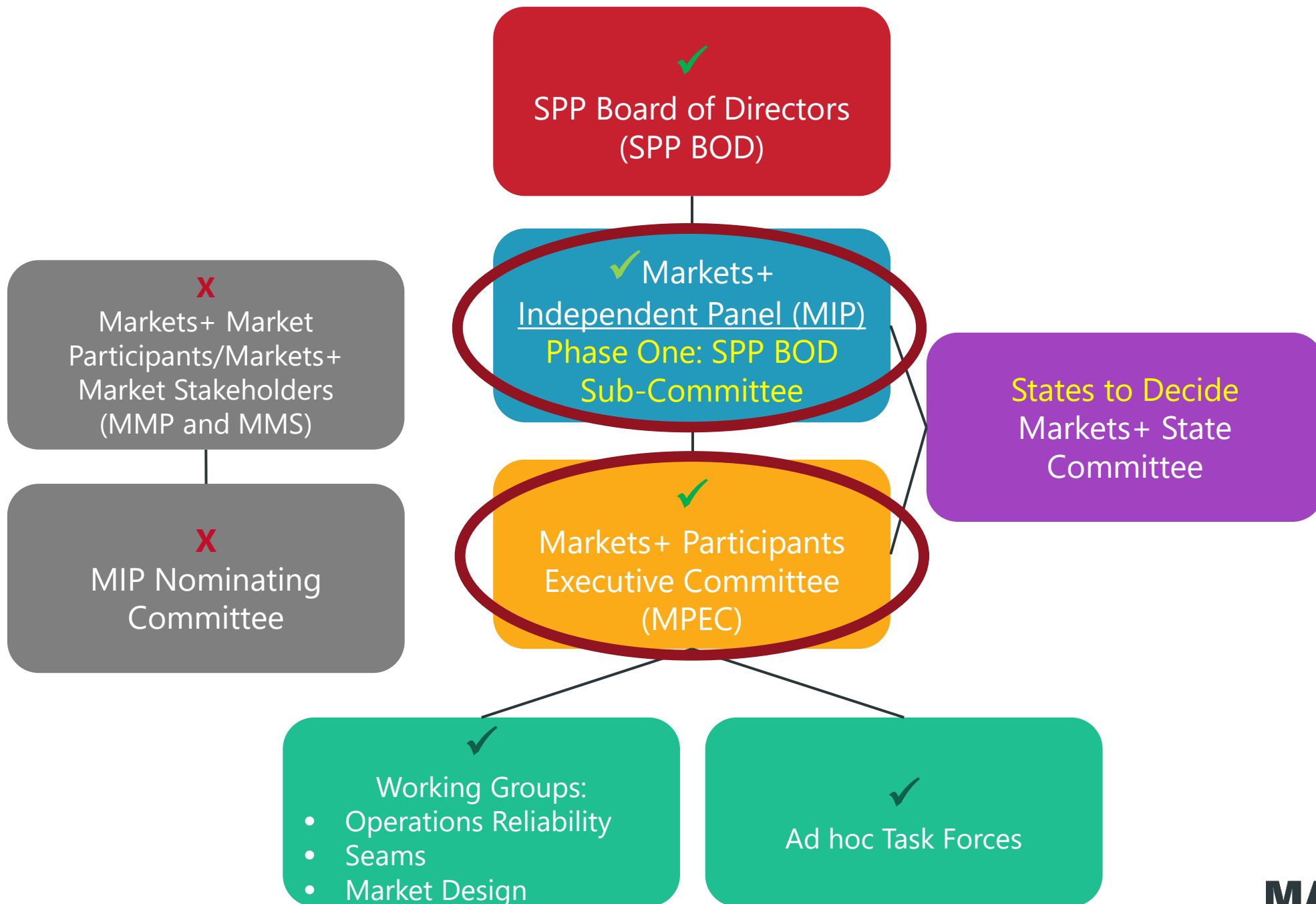
- Topic one
  - Two-tiered MPEC voting structure
    - Tier one - 1/3, 1/3, 1/3 with 67% approval threshold
    - Tier two – Regional vote with 51% approval threshold
      - Eligible regional voters?
- Topic two
  - Load ratio voting for IOU and public power sectors
  - Subdivide independent/other sector voting structure

## DISCUSSION: MIP

- When should the MIP be established?
- *Option:* Could a SPP board of directors subcommittee be used in the interim during phase one?

# QUESTIONS, REQUESTS FOR CLARIFICATION & FINAL SERVICE OFFERING

# PHASE ONE



# CLARIFICATION: MARKETS+ PHASE ONE FRAMEWORK

- The Markets+ service offering is the framework for Markets+ governance and market structure.
- Phase one will use the Markets+ governance structure to develop tariff language, protocols and governing documents based on the Markets+ service offering.
- Upon approval of the tariff language, protocols and governing documents by the MPEC, the package will be submitted to the SPP board for approval to file at FERC.

# PHASE ONE GOVERNANCE & THE MIP

- When will the proposed governance structure be put in place?
  - With the exception of the MIP, SPP envisions the governance structure being implemented in phase one. *A three member committee of the SPP Board will serve as the MIP during Phase One.*
- What will be the states' involvement in phase one?
  - Formation of MSC to be determined by states in phase one.

# MPEC VOTING STRUCTURE

1/3 IOU, 1/3 PUBLIC POWER & 1/3 INDEPENDENT  
67% PASSAGE REQUIREMENT

Markets+  
Participants  
Executive  
Committee (MPEC)

**Investor-owned utilities (IOUs):** This sector includes Markets+ Market Participants that are public utilities under the Federal Power Act, regulated by one or more state regulatory commission and subject to a fiduciary responsibility to investors to earn a return on rate-based assets. Votes in this sector will be calculated based upon load ratio share. Additionally, depending on which entities join Markets+ Phase One each Markets+ Market Participant in this sector may be assigned to a geographic region for voting purposes.

**Public power:** This sector includes Markets+ Market Participants that are publicly-owned utilities, electric cooperatives and power marketing administrations (PMAs). Votes in this sector will be calculated based upon load ratio share. Additionally, depending on which entities join Markets+ Phase One each Markets+ Market Participant in this sector may be assigned to a geographic region for voting purposes.

**Independents:** This sector includes Markets+ Market Participants that are not an IOU or a public power utility (including Independent Power Producers and Marketers of Electrical Power) and Markets+ Market Stakeholders. The votes for this sector will be divided such that those entities contributing generation to the Markets+ Market will receive 2/3 of the sector vote and those without generation to contribute to the Markets+ Market will receive 1/3 of the sector vote.

# CLARIFICATION: IMPLEMENTATION OF GOVERNANCE STRUCTURE

- Which entities will participate in phase one and how will they participate?
  - Markets+ Market Participant (MMP): Entities that are funding \$9.7M cost of phase one and have executed a Markets+ phase one funding agreement. These entities have generation and/or load that they may contribute to Markets+.
  - Markets+ Market Stakeholder (MMS): Stakeholders who execute a Markets+ phase one stakeholder agreement and do not have generation and/or load. Required to pay \$5,000 phase one stakeholder fee. The stakeholder fee may be waived for eligible entities that are non-profit organizations under the Internal Revenue Code.
  - Markets+ Non-Voting Stakeholder (MNVS): Interested stakeholders may provide input at all stakeholder meetings, but do not have voting rights on working groups and task forces. No phase one stakeholder fee is required.

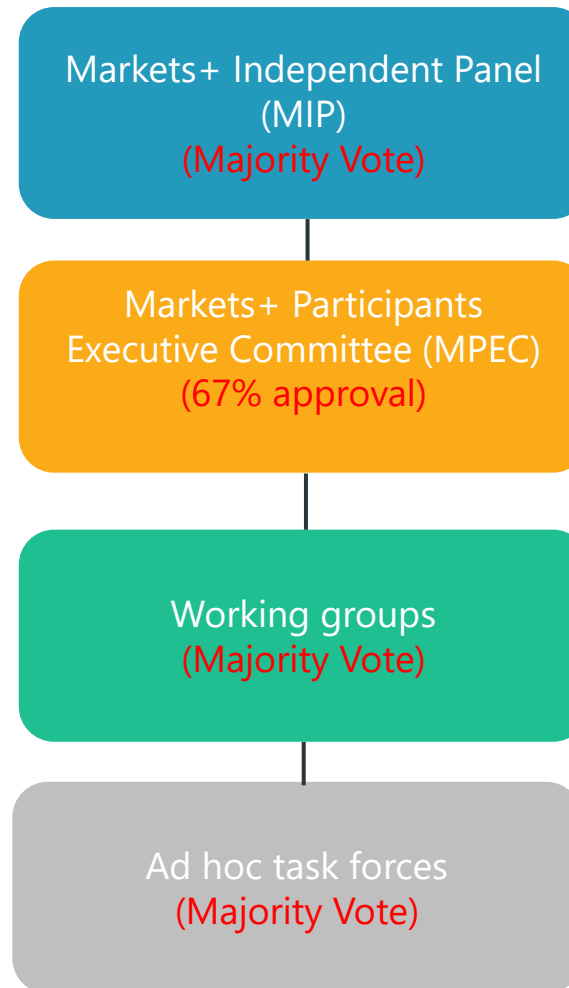
# CLARIFICATION: WAIVER OF MMS FEE

- To be eligible for phase one stakeholder fee waiver, entities must provide the following documents:
  - Articles of Incorporation or similar documents;
  - Tax exempt status or similar documents; and
  - Most recent IRS Form 990 or similar documents.

# CLARIFICATION: WORKING GROUP COMPOSITION

- The composition of working groups will be determined in each group's scope document based on the needs of each individual group.
- The governance proposal already includes consideration of geographical diversity and sector representation when recommending and approving representation.

# MARKETS+ COMMITTEE AND VOTING STRUCTURE



# CLARIFICATION: MSC

- Determine if states want to form MSC during phase one.
- In phase one, work with state commissions on how to incorporate other non-market participant entities into MSC structure (e.g. state energy offices, consumer advocates, others).

# **INCORPORATION OF STATE PUC MOU GROUP COMMENTS**

# COMMENTS OF THE STATE PUC MOU GROUP

- The following commissioners of the Western Public Utility Commissions' Joint Action Framework on Climate Change ("State PUC MOU Group") provided comments on the Markets+ Governance Straw Proposal:

Commissioner	Office
Honorable Eric Blank	Chair, Colorado Public Utility Commission
Honorable Tammy Cordova	Commissioner, Nevada Public Utility Commission
Honorable Megan Decker	Chair, Oregon Public Utility Commission
Honorable Cynthia Hall	Vice-Chair, New Mexico Public Regulation Commission
Honorable C.J. Manthe	Commissioner, Nevada Public Utility Commission
Honorable Ann Rendahl	Commissioner, Washington Utilities and Transportation Commission
Honorable Letha Tawney	Commissioner, Oregon Public Utility Commission
Honorable Mark Thompson	Commissioner, Oregon Public Utility Commission
Honorable Hayley Williamson	Chair, Nevada Public Utility Commission

# COMMENTS OF THE STATE PUC MOU GROUP

- Markets+ Market Stakeholders
  - Endorsed change to allow Markets+ Market Stakeholders to vote at MPEC
  - Requested clarification on criteria that will be used to determine which non-profit organizations are eligible for fee waiver.
    - To be eligible for waiver of the one-time Phase One participant fee, an entity must provide 1) its Articles of Incorporation or similar documents; 2) its tax exempt status; and 3) its most recent IRS Form 990 or similar documents.

# COMMENTS OF THE STATE PUC MOU GROUP

- Markets+ Participant Executive Committee (MPEC)
  - Commented that the Independent Sector is very broadly defined and suggested that in the future, if needed, one possible solution could be to subdivide the independent sector.
    - Independent Sector has been subdivided.
  - Noted that in the future, quorum rules should be considered for sector voting.
  - Commented on the need to continue to evaluate and discuss affiliate voting in various aspects of Markets+.

# COMMENTS OF THE STATE PUC MOU GROUP

- Markets+ State Committee (MSC)
  - Recommended that the MSC also include three advisory members representing consumer-owned utilities, publicly-owned utilities, and power marketing agencies.
    - The MSC shall have the discretion to determine participation of representatives from other state agencies, including state energy offices, state environmental offices, and state consumer advocates, in the MSC's governing structure.
  - Requested clarification on how non-participant organizations, like the State PUC MOU Group, can remain engaged in the Markets+ development process through the development of the FERC filing.
    - The MSC will determine their engagement with Markets+ Phase One.
    - Members of the MSC and other state officials (state energy offices, state environmental offices, state consumer advocates, etc.) are eligible for appointment to Markets+ Task Forces.

# MARKETS+ NEXT STEPS

# SPP MARKETS+ DEVELOPMENT TIMELINE

- November 30: Final Service Offering Posted
- Q1 2023: Commitment to Phase 1
  - Financially Binding to Scope Implementation
  - Launch most elements of Markets+ governance
- Phase 1: 21 month process
  - Develop Market Protocols and Tariff Language
- Phase 2: Implementation phase
  - Funded implementation with launch estimated in 2026

# QUESTIONS