

**Comments of Powerex Corp. on SPP Markets+ Draft Governance Straw Proposal dated June 23, 2022
Submitted July 15, 2022**

Powerex Corp. appreciates the opportunity to comment on SPP's Markets+ Draft Straw Proposal dated June 23, 2022 and looks forward to the development of the Markets+ service offering in the coming months. Powerex believes the successful development of a full day-ahead and real-time organized market in the West is necessary for the region to achieve its grid decarbonization goals, ensure affordable electricity service for consumers and protect reliability. A robust and independent governance structure is critical to achieving this in a durable way to ensure fair and equitable outcomes for all market participants. Powerex appreciates the significant efforts to date in developing the Markets+ governance straw proposal and strongly supports its direction.

Beneficial Attributes to Meet the Needs of the West

The proposed SPP Markets+ governance framework not only consolidates stakeholder input to date, but it also recognizes the importance of independence and neutrality from the very beginning. This is particularly crucial in the context of a day-ahead market, considering the many billions of dollars of trade that occurs each year across the west that is transacted and/or delivered in the day-ahead timeframe. In this regard, Powerex believes the two most critical aspects of the SPP Markets+ governance framework are the same elements that are the foundation of SPP's RTO governance framework – a truly independent board of directors and a team of highly capable staff that are neutral and impartial in everything they do.

Powerex believes the Markets+ governance proposal has several complementary attributes that make the proposal well-suited to meeting the needs and circumstances of the west, including:

- A new five-member Markets+ Independent Panel (MIP) with significant authority to set priorities and with decisional authority to approve Markets+ market design enhancements
- MIP decisions that require a regulatory filing must be filed, as approved, by SPP staff directly at FERC (absent an appeal to the SPP independent Board of Directors)
- The independent SPP Board of Directors affording significant deference to the MIP's decision-making role, while maintaining appropriate oversight over areas that materially impact SPP's own financial and corporate risk
- A sector-based approach for nominating independent members of the MIP to ensure broad representation
- A Markets+ State Committee, with support and funding to provide advice on policy issues
- A Markets+ Participants Executive Committee (MPEC), establishing a robust process to discuss, develop and advance market development
- A defined process to establish standing working groups and ad hoc task forces
- A process for appeals that may be further refined in the coming months
- A defined governance review process to ensure the framework evolves as needed
- SPP staff providing expertise and supporting the framework in a neutral, impartial facilitation and subject-matter expert role.

This proposed governance framework is robust and inclusive to meet the needs of the west. Without detracting from the benefits already inherent in the proposal, Powerex offers several items for further exploration to refine the proposal even further.

For Further Exploration

Committees:

While Powerex appreciates that the full range of working groups will need to be defined in parallel with the market design, there is a clear need for several standing working groups and Powerex supports identifying them now within the Governance framework. These include:

1. **Reliability and Operations Committee**, with representation from Balancing Authority Areas and Transmission Service Providers with NERC/WECC obligations (or their representatives) to review any design aspects which may affect reliability
2. **Market Design Committee**, with sector-based representation to focus on market design decisions and enhancement recommendations
3. **Seams Committee**, with sector-based representation to manage interactions outside the footprint.

Additional standing work groups could also include sector-based committees that could be established at the outset, particularly for Transmission and Environmental Attributes/GHG. Stakeholders should work to identify any additional standing workgroups that may be beneficial to add at the outset.

MIP Composition and Chair:

Powerex appreciates the background information presented by SPP about the independent SPP Board of Directors, and its selection through its sector-based nomination process. The independent SPP Board has representatives with diverse experience from diverse geographic locations, including several members with western experience and/or significant ties to the west. As a result, Powerex does not have any concern about a SPP Board member being on the MIP or serving as the Chair of the MIP, and supports this element as a necessary component to ensure ongoing coordination and communication between the SPP board and the MIP. However, Powerex proposes two amendments to the MIP composition and chair:

- 1) Powerex supports that the SPP Board member be eligible for, *but not automatically assigned to*, the role of Chair of the MIP.
- 2) Powerex supports a new requirement that the SPP Board member on the MIP must either be SPP's CEO (to provide improved connectivity to SPP staff perspectives) or a SPP Board member with western experience. The MIP could remove and/or override this second requirement, if desired.

Stakeholder Voting Members:

Powerex suggests SPP clarify what is anticipated with respect to the financial obligations of withdrawing Markets+ Market Stakeholders. Given SPP's current bylaws and the anticipated structure of Markets+, it appears there would not be any financial obligation or exit fees at all for Markets+ Market Stakeholders, but it would be helpful for this to be further clarified by SPP. To be clear, Powerex supports such a "no exit fee" policy for Markets+ Market Stakeholders.

Sector Definitions:

The sector definitions for the MIP Nominating Committee and for the working groups will need final review once the market design is further along to confirm they provide appropriately balanced representation of the Markets+ footprint.

Further consideration of uniquely situated Markets+ Market Participants may be required in the event they do not fit clearly into one (or only one) sector. Specifically it is not clear which category Powerex would fit into and Powerex notes the Western Resources Adequacy Program (WRAP) includes Powerex in the IOU sector as an international entity.

Voting Structure:

The voting structure should balance input from all stakeholders and participants, while recognizing the importance of reliability, efficiency, and equitable market outcomes for Markets+ Market Participants (MMPs). The voting structure should ultimately strive to achieve the following objectives:

1. Entities with a vested interest in market outcomes have a substantial decision-making role
2. Stakeholders that are not MMPs are also included in decision-making
3. Decisions reflect that a majority based on size (measured by generation and load) support the decision
4. Decisions reflect that a majority based on the number of participants and stakeholders support the decision.

Powerex supports voting structures that adhere to achieving these objectives, including the SPP unicameral proposal and the NIPPC proposal as may be further refined through stakeholder discussion to meet these objectives.

Section 205 Rights:

Powerex supports the proposed governance framework with respect to the broad decisional authority of the MIP, which will be comprised of five members with four of those members selected through a sector based nominating committee. Specifically, Powerex understands that the decisions of the MIP that require a regulatory filing *must be filed by SPP staff directly at FERC*, absent an appeal to the SPP independent Board of Directors. Importantly, such appeals to the SPP Board are limited to certain areas, which has the practical effect of affording the MIP Section 205 filing rights on most Markets+ issues, which Powerex supports.

In the limited circumstances that an appeal to the SPP independent Board of Directors could occur, there may be some residual stakeholder concerns that the SPP Board of Directors could overrule a decision by the MIP, and do so in an area of great importance to Markets+ stakeholders. While Powerex does not share these concerns (as it believes the likelihood of this occurring is very small, considering both the independence of SPP's Board of Directors and its history of rarely overriding the decisions and recommendations that arise from the stakeholder process), it may be beneficial to put in place some additional protections to provide stakeholder comfort. Specifically, to mitigate these residual concerns, Powerex proposes one enhancement to provide additional protection through a new, narrowly defined requirement:

The SPP Board of Directors will be restricted from approving a Section 205 filing that has not been approved by the MIP (i.e., either a proposal of its own, or a modified proposal of a MIP approved proposal), if such proposal would expand the scope of Markets+ in the following areas:

1. Any form of forward capacity market
2. Any joint transmission planning construct
3. Any proposed changes that would significantly affect OATT transmission service and/or rates in the Markets+ footprint.

Powerex believes that with the above proposed governance enhancements, SPP would be offering the west an exceptional governance framework. Powerex looks forward to further stakeholder discussion in the August workshop to refine these details and appreciates how the proposed framework accomplishes a durable governance solution with significant deference to the MIP's decision-making authority, as informed by inclusive stakeholder input, with impartial facilitation and expertise provided by SPP staff.