

Role of Regional State Committee in Southwest Power Pool

House Energy, Utilities, and Telecommunications Committee

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SPP Organizational Groups

Board of Directors/Members Committee

- Consolidated Planning Process Task Force (CPPTF)
- Corporate Governance Committee (CGC)
- Finance Committee
- Human Resources Committee (HRC)
- Oversight Committee
- Strategic Creative and Re-engineering Integrated Planning Team (SCRIPT)
- Strategic Planning Committee (SPC)
- Markets and Operations Policy Committee (MOPC)

Markets & Operations Policy Committee

- Deliverability Steering Committee
- Economic Studies Working Group (ESWG)
- Electric Storage Resources Steering Committee (ESRSC)
- Market Working Group (MWG)
- Operating Reliability Working Group (ORWG)
- Order 2222 Task Force
- Project Cost Working Group (PCWG)
- Regional Allocation Review Task Force (RARTF)
- Regional Tariff Working Group (RTWG)
- Supply Adequacy Working Group (SAWG)
- Transmission Owner Selection Process Task Force (TOSPTF)
- Transmission Working Group (TWG)

Regional State Committee

- RSC authority derives from the Federal Energy Regulatory Commission's (FERC) approval of SPP as a regional transmission organization (RTO) in 2004.
- Sections 7.0 – 7.2 of the SPP Bylaws address the role and responsibility of the RSC.

7.0 Regulatory Involvement and Regional State Committee

- Any regulatory agency having utility rates or services jurisdiction over a Member may participate fully in all SPP activities, including participation at the SPP Board of Directors meetings.
- These representatives shall have all the same rights as Members except the right to vote.
- Participation includes the designation of representatives by each of the regulatory jurisdictions to participate in any type of committee, working group, task force, and Board of Directors meetings.

7.1 Retention of State Regulatory Jurisdiction

- Nothing in the formation or operation of SPP as a FERC-recognized regional transmission organization is in any way intended to diminish existing state regulatory jurisdiction and authority.
- Each state regulatory agency is expressly reserved the right to exercise all lawful means available to protect its existing jurisdiction and authority.

7.2 Regional State Committee

- A Regional State Committee (RSC), to be comprised of one designated commissioner from each state regulatory commission having jurisdiction over an SPP Member, shall be established to provide both direction and input on all matters pertinent to the participation of the Members in SPP.
- This direction and input shall be provided within the context of SPP's Organizational Group meetings as well as Board of Directors meetings.
- Staff will assist the RSC in its collective responsibilities and requests by providing information and analysis.
- SPP will fund the costs of the RSC pursuant to an annual budget developed by the RSC and submitted to SPP as part of its budgeting process, which budget must ultimately be approved by the Board of Directors.

7.2 Regional State Committee

The RSC has primary responsibility for determining regional proposals and the transition process in the following areas:

- (a) whether and to what extent participant funding will be used for transmission enhancements;
- (b) whether license plate or postage stamp rates will be used for the regional access charge;
- (c) financial transmission rights (FTR) allocation, where a locational price methodology is used; and
- (d) the transition mechanism to be used to assure that existing firm customers receive FTRs equivalent to the customers' existing firm rights.

RSC Structure

RSC Members

- Arkansas
- Iowa*
- Kansas*
- Louisiana
- Missouri
- Nebraska
- New Mexico
- North Dakota*
- Oklahoma
- South Dakota
- Texas

*RSC Officer

RSC Meetings

- Quarterly Business Meetings the last Monday of the month in January, April, July, and October.
- Quarterly Joint Meetings with the SPP Board of Directors and Members Committee, following the RSC Business Meeting.
- Monthly educational meetings at the discretion of the RSC President.

RSC Groups

- Cost Allocation Working Group
 - Composed of staff members from each of the state commissions represented on the Regional State Committee.
- SPP RSC/OMS Seams Liaison Committee
 - Formed by state regulators in 2018 to identify potential improvements to transmission operations across the seam between SPP and the Midcontinent Independent System Operator (MISO).
- Improved Resource Availability Task Force
 - Formed to address four Tier 1 recommendations related to fuel assurance and resource planning and availability identified in the Comprehensive Review of SPP's Response to the February 2021 Winter Storm report.

Cost Allocation Working Group

- Formed under the RSC Bylaws, the CAWG is a work group comprised of member state regulatory agency staff members to:
- Attend RSC Board and SPP Board of Directors meetings in support of or in lieu of Member state regulatory agency commissioners;
- attend and actively participate in assigned SPP committees, working groups and task forces (including providing summaries of meetings and reporting to the SPP RSC Members);
- actively represent the majority positions and minority reports or dissenting opinions of the SPP RSC Member state regulatory agencies;
- and attend and actively participate in assigned RSC Board committees and work-groups created by the RSC Board (including providing summaries of meetings and reporting to the SPP RSC Members).

SPP RSC/OMS Seams Liaison Committee

- Goals include identifying potential improvements in the following areas and working with SPP and MISO on implementation:
 - Increase benefits to ratepayers in both markets by improving market-based transactions and operations across the seam.
 - Ensure equal consideration of beneficial regional and inter-regional projects in transmission planning, including evaluation of projects identified in the Coordinated System Plans.
 - Support the timely interconnection of new resources that includes consideration of the dynamics of the interconnection queue in both RTOs.
 - Improve inter-RTO relations through state-led cooperation.

Improved Resource Availability Task Force

- On August 10, 2021, SPP announced the formation of IRATF to guide assessments and recommend policies needed to address the Winter Weather Event Tier 1 recommendations: fuel assurance and resource planning and availability.
- IRATF reports to the SPP BOD and RSC, as appropriate.
- IRATF directs SPP staff on initiative scope development, analysis, and design.
- IRATF collaborates with the Operating Reliability, Supply Adequacy, Market, and Cost Allocation Working Groups.
- SPP staff publishes a monthly *WWE (Winter Weather Event) Tier 1 Initiative Program Status Report*: <https://spp.org/spp-documents-filings/?id=287517>.

IRATF

Fuel Assurance

- FA1 Policy - Develop policies that enhance fuel assurance to improve the availability and reliability of generation in the SPP region.
- FA2 Assessment - Evaluate and, as applicable, advocate for improvements in gas industry policies, including use of gas price cap mechanisms, needed to assure gas supply is readily and affordably available during extreme events.

IRATF

Resource Planning and Availability

- RPA1 Assessment - Perform initial and ongoing assessments of minimum reliability attributes needed from SPP's resource mix.
- RPA2 Policy - Improve or develop policies, which may include required performance of seasonal resource adequacy assessments, development of accreditation criteria, incorporation of minimum reliability attribute requirements, and utilization of market-based incentives that ensure sufficient resources will be available during normal and extreme conditions.

RSC Member Participation

- Regional Allocation Review Task Force*
- Order 2222 Task Force
- SPP RSC/Organization of MISO States Seams Liaison Committee
- Strategic and Creative Re-engineering of Integrated Planning Team*
- Consolidated Planning Process Task Force*
- Improved Resource Availability Task Force (IRATF)

*Commissioner Andrew French for Kansas

Regional Allocation Review Task Force

- Membership: 4 RSC members; 4 MOPC members; 1 Board member
- Purpose: To develop the analytical framework for reviewing the reasonableness of the Highway/Byway cost allocation methodology and to determine the cost allocation impacts to each pricing zone within the SPP region of the base plan upgrades for which SPP issued notifications to construct after FERC's approval of Highway/Byway on June 19, 2010.
- The analytical methodology forms the basis for the RSC to consider improvements, if any, to the long term cumulative equity of cost allocation and benefits for members resulting from SPP's Integrated Transmission Planning process.

Order 2222 Task Force

- Membership: Representatives from SPC (2), MOPC (5), RSC (2); and the following working groups: Regional Tariff (2), Operating Reliability (1), Business Practices (1), Market (1).
- Purpose: To develop changes to SPP's governing documents to comply with FERC's Order 2222, Participation of Distributed Energy Resource Aggregations in Markets Operated by RTOs/ISOs, which requires each RTO/ISO to file the tariff changes needed to implement the Order's requirements by July 19, 2021.

SCRIPT

- Membership: 11 members from the Strategic Planning Committee and/or the Members Committee; the chair of MOPC; 2 RSC members, and 2 Board members.
- Purpose: To strategically develop broad changes to SPP's transmission planning processes to better meet customer needs while resolving growing stakeholder concerns about the amount, nature and funding of continued transmission investment amid rapid industry changes.
- Policy areas for improvement: Consolidation; Cost-Sharing; Decision Quality; Optimization; Services; and Transfers.

Consolidated Planning Process Task Force

- Membership: Chaired by SPP staff with a representative from the following working groups; Economic Studies, Transmission, Cost Allocation, Regional Tariff, SCRIPT, RSC, and the Model Development Advisory Group.
- Purpose: To lead the design and development of the consolidated planning process (CPP) and associated cost-sharing mechanisms pursuant to the policies recommended by SCRIPT and approved by the SPP Board of Directors. The CPPTF is responsible for coordinating with and receiving input from the affected organizational groups, advisory groups, and user forums in the development of the CPP design, development and implementation plans.

IRATF Membership

- Membership: Chaired by an RSC member with representatives from the following working groups: Cost Allocation (5); Supply Adequacy (3); Operating Reliability (2); and Market (1).
- Purpose: To assess and recommend policies to address the four Tier 1 recommendations related to fuel assurance and resource planning and availability identified in the Comprehensive Review of SPP's Response to the February 2021 Winter Storm report.

KCC Staffing for SPP Activities

KCC's SPP Workgroup

- KCC's internal workgroup that draws on the expertise of fourteen Utilities Division and Litigation staff members: accountants, auditors, engineers, financial analysts, attorneys.
- Meets biweekly to advise and support the KCC commissioner on the RSC.
- KCC staff members follow the activities of several SPP working groups, most of which meet once per month, and report to the SPP Workgroup.

Current Issues

- SPP's Western Expansion
 - On July 27, 2021, the SPP BOD and Members Committee approved integrating western parties into SPP's RTO Terms and Conditions document for expansion of the SPP RTO into the Western Interconnection.
 - Prospective SPP West participants expect to execute financial commitments in April 2022 to initiate the expansion.
 - SPP established a DC Ties Task Force, which is exploring transmission service rate design and revenue distribution for DC ties under the SPP Open Access Transmission Tariff (OATT).
- Prospective new members: Basin Electric Power Cooperative; Colorado Springs Utilities; Deseret Power Electric Cooperative; Municipal Energy Agency of Nebraska (MEAN); Tri-State Generation and Transmission Association; Western Area Power Administration (WAPA); and Wyoming Municipal Power Agency.

HITT C2 –Cost Allocation Waiver

- On April 14, 2021, SPP filed the request to revise its Open Access Transmission Tariff (OATT) to include the proposed waiver process, FERC Docket ER21-1676.
- On June 11, 2021, FERC rejected SPP's filing specifying the need for defined criteria for the waiver as a limit on the SPP board's discretion for approving such waivers.
- CAWG developed three criteria to define eligibility for the waiver and a waiver application review procedure for approving/denying waiver applications.
- At its January quarterly business meeting, the RSC approved the revision request (RR483) to place the waiver criteria and procedure in SPP's tariff. RSC members from LA, NM, OK, and TX voted against RR483.
- The SPP Board also approved the request, which is expected to be filed at FERC later this month.

Generation Interconnection

- Due to high demand for requests to interconnect generation, SPP has taken a number of steps to mitigate the backlog:
 - In 2019, began using the FERC-approved 3-stage generation interconnection (GI) study process that split the system impact study into two phases and required a larger financial commitment earlier in the GI process.
 - In 2021, made process improvements to the models and groups used in GI studies and developed a backlog mitigation plan, which FERC approved in January 2022.
 - Formed the CPPTF, which will look at ways to consolidate planning processes to further streamline GI processes going forward once the backlog is eliminated as expected in 2024.

Joint MISO/SPP Targeted Interconnection Queue

- JTIQ study identifies seven projects for interconnection of low-cost resources that benefit both regions, at an estimated cost of \$1.65 billion.
- Focuses on developing transmission solutions to resolve constraints in SPP and MISO reliability models but will also evaluate how the solutions perform in ITP/MTEP economic models.
- SPP and MISO released the study report on March 3, 2022. See <https://spp.org/documents/66725/jtiq%20report.pdf>.
- A proposed cost allocation methodology that considers GI customer benefits, load benefits, and other benefits (transfer capability, reduced real-time congestion) is under discussion.

Transmission Delivery Charges

- K.S.A. 66-1237 allows a utility to file for a transmission delivery charge (TDC) any time it has a change in its transmission costs, as long as the costs resulted from a FERC order.
- FERC uses a transmission formula rate (TFR) process to set transmission rates, which are updated annually to reflect the utility's most recent transmission costs.
- Under K.S.A. 66-1237, FERC's TFR order is conclusively presumed prudent for TDC purposes and the TDC rate takes effect after 30 business days, subject to refund pending final KCC review.
- The KCC review of the TDC filing is limited to whether the costs are accurately calculated under the TFR and whether the TDC costs reflect only the retail customer's share of TFR costs.
- See attached Report and Recommendation of KCC Staff in Docket No. 21-EKME-361-TAR for the types of costs recovered under the TDC and KCC Staff's process for reviewing TDC filings.

Questions?

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of Evergy)
Kansas Metro, Inc. d/b/a Evergy Kansas Metro) Docket No. 21-EKME-361-TAR
Seeking Commission Approval to Implement)
Changes in their Transmission Delivery)
Charges Rate Schedules.)

NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION

The Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively), submits its Notice of Filing of Staff's Report and Recommendation and states as follows:

Staff's Report recommends the Commission continue to allow Evergy Metro's Transmission Delivery Charge rate schedules to be collected, resulting in the collection of \$35,476,285, or a decrease of \$2,459,327.

WHEREFORE, Staff requests the Commission consider its Report and Recommendation, and for any other further relief as the Commission deems just and reasonable.

Respectfully submitted,

s/Cole Bailey

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**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Andrew J. French
Commissioner Dwight D. Keen
Commissioner Susan K. Duffy

FROM: Katie Figs, Managing Auditor
Andria Jackson, Deputy Chief of Revenue Requirements, Cost of Service and Finance
Justin Grady, Chief of Revenue Requirements, Cost of Service and Finance
Jeff McClanahan, Director

DATE: April 26, 2021

SUBJECT: Docket No. 21-EKME-361-TAR: In the Matter of Evergy Metro, Inc. d/b/a Evergy Kansas Metro Seeking Commission Approval to Implement Changes in their Transmission Delivery Charges Rate Schedules.

EXECUTIVE SUMMARY:

Evergy Kansas Metro (Evergy Metro) filed a request for \$35,476,285 in Transmission Delivery Charge (TDC) revenues under the Application, which represents a \$2,459,327 decrease since its last TDC filing. On May 1, 2021, Evergy Metro will begin billing the updated TDC rates to its retail customers on a subject-to-refund basis pursuant to K.S.A. 66-1237(c), pending the conclusion of Staff's investigation and the Commission's final determination. Staff has performed an audit of Evergy Metro's TDC tariff filing and recommends the Commission approve the revised tariff as filed. If approved, Evergy Metro's TDC would decrease an average residential monthly customer bill by \$0.45.

BACKGROUND:

On March 19, 2021, Evergy Metro submitted an Application seeking Commission approval to implement changes in its TDC rate schedules. Evergy Metro's filing represents an update to the prior TDC approved in Docket No. 20-EKME-407-TAR (20-407 Docket). Supplemental to its filed request, Evergy Metro included clean and red-line versions of its proposed TDC tariffs, as well as workpapers supporting the calculations. In accordance with K.S.A. 66-1237(c), Evergy

Metro sought implementation of the new TDC tariffs within 30 business days, requesting May 1, 2021, as the desired effective date.¹

Evergy Metro is a transmission-owning member (TO) of Southwest Power Pool (SPP), a non-profit Regional Transmission Organization (RTO) that serves the function of a Transmission Provider (TP) to its member-entities. In its role as a TP, SPP acts as an agent for and on behalf of its TOs. One of SPP's functions as a TP is administering the billing for the wholesale transmission service provided over member-owned transmission facilities under its Open Access Transmission Tariff (OATT). Accordingly, SPP will collect for the transmission service from the wholesale transmission customers requesting such service over Evergy Metro's transmission facilities. SPP will then remit these charges back to the Company.

Evergy Metro's retail customers also utilize Evergy Metro's transmission system to receive required energy. In order to gain approval from the Missouri Public Service Commission to transfer functional control of its transmission facilities to SPP, Evergy Metro signed an Agreement for the Provision of Transmission Service to Missouri Bundled Retail Load (Missouri Service Agreement). Under the terms of the Missouri Service Agreement, Evergy Metro, as a Network Integrated Transmission Service (NITS) customer, is not charged Schedule 9 charges for the use of its legacy transmission facilities. Evergy Metro does, however, pay Schedule 9 NITS charges for the use of other transmission owners' facilities where applicable and, thus, incurs these charges from SPP.

The TDC tariff is established to recover Evergy Metro's revenue requirement associated with providing transmission service to its retail load. In other words, the approved TDC tariffs are designed to recover Evergy Metro's retail transmission service cost. The approved TDC rates under the current tariff are based on Evergy Metro's annual transmission revenue requirement (ATRR), which is derived from Evergy Metro's annual Transmission Formula Rate (TFR), which has been approved by the Federal Energy Regulatory Commission (FERC). In addition to the retail portion of that amount, the current TDC tariff recovers the retail-allocated portion of other SPP charges associated with transmission service. In its request, Evergy Metro's TDC rates were calculated to recover \$35,476,285 from retail customers, which represents a \$2,459,327 decrease since Evergy Metro's prior TDC filing in the 20-407 Docket.

ANALYSIS:

To facilitate its review for Evergy Metro's TDC filing, Staff solicited from Evergy Metro various information requests including recent copies of SPP billing statements, billing determinants and

¹ K.S.A. 66-1237(c) states: "[a]ll transmission-related costs incurred by an electric utility and resulting from any order of a regulatory authority having legal jurisdiction over transmission matters, including orders setting rates on a subject-to-refund basis, shall be conclusively presumed prudent for purposes of the transmission delivery charge and an electric utility may change its transmission delivery charge whenever there is a change in transmission-related costs resulting from such an order. The commission may also order such a change if the utility fails to do so. An electric utility shall submit a report to the commission at least 30 business days before changing the utility's transmission delivery charge. If the commission subsequently determines that all or part of such charge did not result from an order described by the subsection, the commission may require changes in the transmission delivery charge and impose appropriate remedies, including refunds."

usage data used to determine the amount of the TDC Evergy Metro is responsible for, residential bill impact analysis, etc.

Calculation of the ATRR for use in the TDC calculation:

The tariff Evergy Metro included in the Application contains transmission charges for the following cost elements of the OATT from SPP:

- Schedule 1A – Tariff Administration Service
- Schedule 2 – Point-to-Point (PtP) charges (as assignable to Retail sales)
- Schedule 7 – Firm PtP charges (as assignable to Retail sales)
- Schedule 8 – Non-Firm PtP charges (as assignable to Retail sales)
- Schedule 9 – Network Integration Transmission Service
- Schedule 10 – Wholesale Distribution Service
- Schedule 11 – Base Plan Charge
- Schedule 12 – FERC Assessment Charge
- Other costs associated with Schedule 1 fees for transmission service provided on foreign wires
- SPP Direct Assigned or Sponsored Upgrade Transmission Fees for Customer Upgrades

In addition, other non-SPP transmission-related charges recorded in FERC Account 565 (Transmission of Electricity by Others), fees charged to the Company by the North American Electric Reliability Council (NERC), and other transmission revenue requirements that are not otherwise reflected in and recoverable through base rates or other Commission authorized rider mechanisms are also included.

In addition to verifying the total input costs, Staff also examined a few supplementary processes performed by the Company to arrive at the individual retail transmission delivery charges. Staff reviewed data in the Revenue Requirements and Rates (RRR) file on the SPP website and workpapers detailing the load data provided by Evergy Metro, which included Evergy Metro's native system load (Kansas retail, Missouri retail, and full requirement cities), third party load in the Evergy Metro transmission pricing zone (i.e. KMEA and KEPCo), and load associated with Grandfathered Agreements, to verify the Company's Load Ratio Share (LRS) calculations.

Staff has reviewed the data provided by Evergy Metro through the information requests issued, including the SPP invoices and the load and usage data submitted by Evergy Metro in support of its TDC calculation. Additionally, Staff has verified the information provided by reviewing the published data on the SPP website. Staff finds that Evergy Metro's revised TDC filing accurately reflects the nature of the costs it incurs for providing transmission service to its retail customers and that its TDC charges were calculated correctly in its filing.

Calculation of the TDC Rate for each retail rate schedule:

The ATRR is collected by applying a TDC rate, developed for each rate schedule permitting such cost recovery, to each applicable customer's bill. The allocation of the ATRR to the respective rate schedules is based on the 12 coincident-peak (12-CP) allocation method, similar to the method used by SPP to assess transmission charges. Evergy Metro's TDC tariff is currently based on the 12 months of the test year ended September 30, 2017. Evergy Metro's 12-CP allocation is adjusted for each customer class using the updated 12-CP allocation ratio from its most recent rate case and

remains unchanged until the next general rate case or, at a minimum, once every five years, to limit cost shifting among retail classes.

Staff reviewed Evergy Metro's demand allocation of the TDC expense and verified the final TDC rates computed for each rate schedule.

RECOMMENDATION:

Staff recommends the Commission continue to allow Evergy Metro's TDC rate schedules to be collected, resulting in the collection of \$35,476,285, or a decrease of \$2,459,327.

CERTIFICATE OF SERVICE

21-EKME-361-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice Of Filing Of Staff's Report and Recommendation was served via electronic service this 27th day of April, 2021, to the following:

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