



INTEGRATED MARKETPLACE

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Integrated Marketplace at 100,000 Feet

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The Energy Imbalance Service (EIS) Market economically dispatches wholesale energy to local utilities for distribution to customers

Just as UPS chooses appropriate vehicles from the lot and routes trucks for the most cost effective delivery, SPP does so with energy resulting in current savings in excess of \$100 million per year.



EIS Market uses the generation that is started by the utilities and power producers

The requirement for utilities to startup generation to meet their own obligations results in some generators idling all day long. Similar to having the too many “delivery vehicles” idling in the parking lot.

Integrated Marketplace will reduce the net energy costs by ~ \$45-\$100 million/year more than the current EIS market

- **Reduce total energy costs through centralized unit startup while maintaining reliable operations**
- **Day-Ahead Market allows additional price assurance prior to real-time**
- **Includes new markets for Operating Reserve to support implementation of SPP Balancing Authority and facilitate reserve sharing**



Integrated Marketplace benefits are primarily from centralized startup decisions

Just as a carpool arrangement avoids vehicles in the parking lot idling all day, centralized startup chooses the best mix of generation to meet the obligations for load, contracts, and reserves.

Integrated Marketplace will reduce excess generation startups.

	<u>On Peak Capacity</u>		<u>Off Peak Capacity</u>
Gas	19,554	Gas	14,084
Nuclear/Coal	22,532	Nuclear/Coal	22,080
Wind	3,129	Wind	3,407
Other	540	Other	238
Total Startup	45,755	Total Startup	39,571
Actual Load	41,117	Actual Load	26,032
Regulation	311	Regulation	380
Reserves	512	Reserves	512
Excess Startup	<u><u>3,816</u></u>	Excess Startup	<u><u>12,647</u></u>

Savings are from reducing the "vehicles idling in the parking lot"



Congestion and Rights

Just like the highway system, transmission lines can have too much traffic (congestion). Congestion rights credit the participants for the additional costs of managing the traffic.



How are the congestion rights allocated?

Integrated Marketplace gives priority to the holders of a transmission reservation. Similar to a holder of an EZ Pass being allowed on the toll road when all other toll booths are closed.



Integrated Marketplace benefits a single Balancing Authority

A Balancing Authority (BA) is responsible for the real-time balancing of generation to load. The balancing is accomplished through using three products: energy, regulation (cruise control), and contingency reserves (insurance)



Why go to a single Balancing Authority?

Each of the sixteen Balancing Authorities are balancing their individual “seesaw”, even though some are going up when others are going down. A single Balancing Authority benefit includes balancing the region with less resources.

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