

November 4, 2022

Barbara Sugg
President and Chief Executive Officer
Southwest Power Pool
201 Worthen Drive
Little Rock, AR
72223-4936

Dear Barbara,

Over the past year, two competing alternatives for a full day-ahead and real-time organized market platform have emerged for the western grid outside of California: SPP's Markets+ and CAISO's EDAM/EIM. Both have recently issued detailed conceptual proposals: SPP published the Markets+ Draft Service Offering, and CAISO published the Draft Final Proposal for EDAM.

After carefully reviewing both proposals, Powerex has concluded that SPP's Markets+ is the market platform that will provide Powerex with the greatest economic, environmental and reliability benefits. Powerex is therefore pleased to announce that it will not only fully participate in the funding of the development of Markets+, but it will also join Markets+ at inception, subject to applicable approval processes. Powerex's evaluation was based on careful consideration of the proposed governance frameworks and key market design choices of each initiative. The following elements of the Markets+ Draft Service Offering were particularly important to Powerex's decision to pursue Markets+:

- A durable and inclusive governance framework that is in place from the outset, supported by an experienced and neutral market operator and the independence of a Markets+ Independent Panel and the SPP Independent Board;
- An approach to GHG tracking that is expected to accurately apply GHG emissions costs to energy generated in, or imported into, jurisdictions with GHG pricing programs, and in a manner that meets the full intent and spirit of the underlying environmental policy;
- A common resource adequacy requirement that will not only protect reliability, but do so in an equitable manner, leveraging the Western Resource Adequacy Program (WRAP);
- A transmission proposal that will maximize the transmission capability available to Market+ while minimizing impacts on third-party transmission revenue and equitably allocating congestion revenue to OATT customers; and
- Application of industry best practices in price formation, consistent with FERC policy, ensuring that market prices accurately reflect grid conditions, which drives lower retail rates for consumers over the long-term while supporting reliability.

Powerex wishes to commend SPP staff for the extensive technical expertise and skilled facilitation that has been critical to the development of the Markets+ Draft Service Offering. In a relatively short time frame, SPP has been able to bring diverse stakeholders together to make tremendous progress on numerous complex issues, many of which have proven difficult to solve through other regional efforts.



In light of Powerex's decision to commit to Markets+, Powerex respectfully requests that SPP:

1. Stand up the Markets+ governance framework as soon as possible, so that the detailed design of Markets+ will occur with robust stakeholder input and independent oversight;
2. Stand up the Markets+ Seams Working Group as soon as possible, in recognition of the importance of ongoing trade with CAISO and other entities in the west;
3. Consider a transitional Markets+ Real-Time only service offering, under a limited new tariff, with a targeted go-live date as early as June 2024.

We look forward to working with you, as we collectively move forward toward efficiently and reliably decarbonizing the western grid.

Best regards,

A handwritten signature in blue ink, appearing to read "Tom Bechard".

Tom Bechard
President and CEO
Powerex Corp.

CC: Mark Holman, Managing Director, Powerex Corp.
Lanny Nickell, Executive Vice President and Chief Operating Officer, SPP