Seams & Western Energy Markets
Frequently Asked Questions

MARKETS+ | SPP

As new market solutions develop in the Western Interconnection, questions arise about the potential impact of new seams between neighboring electric systems and markets. Seams exist in the West today and will continue, and they pose no threat to reliability when managed well. Market seams in fact support reliability, efficiency, and customer value. The following FAQs explain what seams are, why they matter, and how experienced market operators like SPP manage them effectively.

What is a "seam"?

Physical, **operational seams** are the borders between entities like reliability coordinators (RC), balancing authorities (BA) and transmission operators (TO) who coordinate grid operations. **Economic seams** exist between markets, and their primary impact on grid operations isn't to complicate it but instead to provide new tools to participants that improve efficiency, transparency, and coordination.

Seams are a normal part of an interconnected grid. Their impact depends on how well neighboring regions coordinate, something SPP has successfully done for decades.

Could seams be eliminated under a single-market construct?

Not entirely. Even under a single, nationwide market, operational seams would still exist between RCs, BA, and TOPs, like they have since utilities first interconnected. That's why the argument that it's risky to have multiple markets is a weak one.

The way to reduce friction, improve efficiency, and deliver equitable outcomes for customers isn't to eliminate all but one market, it's to ensure markets have good seams management tools: an approach SPP has consistently demonstrated for decades. Experience shows that well-coordinated, neighboring markets trade efficiently and reliably across seams, often improving on today's status quo.

How do seams affect reliability?

Effective seams management has proven to be a reliability asset, not a liability. Risks arise only when seams are poorly coordinated or unmanaged. When managed by an experienced operator like SPP, seams strengthen reliability by enabling coordinated operations, access to a broader set of resources, and least-cost, reliability-first dispatch, especially during periods of system stress.

What does effective seams management look like?

Effective seams rely on coordination, cooperation, and shared benefit, supported by joint operating agreements, congestion management processes, and regular coordination between neighboring regions.

This is the same framework SPP uses with its neighbors to minimize friction and create more seamless market interactions.

How does SPP's experience in the East apply to the Western Interconnection?

SPP has decades of experience managing seams with RTOs, non-RTOs, market and non-market regions, and both FERC-jurisdictional and non-jurisdictional entities. Our experience has been one of reliable operations, efficient market transfers, and transparent pricing across seams. Perhaps most importantly we've demonstrated an ability to tailor unique market solutions to meet the diverse needs of participants in multiple states: all capabilities we're leveraging in the design and launch of Markets+ in the West.

Is having more than one energy market in the West a problem?

No. Multiple markets produce net positive outcomes when seams are well managed.

As demonstrated by SPP's long-standing coordination with other market operators, competition encourages innovation, accountability, and continuous improvement, benefiting customers.

Why have I heard so much concern in the West about the risks of seams?

Many concerns about the potential risks of multiple markets and new seams in the west stem from misunderstandings about the differences between market seams and reliability seams. As described above, new market seams stand to improve reliability far more than they'll threaten it.

Other criticism might be rooted in concerns about new seams' economic impacts on the status quo. Market seams introduce competition, limiting existing systems' abilities to unilaterally set prices and define market rules, and reducing the chances that market participants become permanent price takers. That's good news, though, not bad. From a regional perspective, seams create opportunities for balance, transparency, and equity.

Seams are inevitable in a large, interconnected grid. Inefficiency is not. With proven experience managing seams across diverse regions, SPP brings the coordination, discipline, and reliability focus needed to turn seams into sources of value for the West.