

Rocky Mountain Region
Informal 2017 Transmission and Ancillary Service Customer meeting
August 11, 2015

Questions & Answers

Questions pertaining to the presentation directly

1. Slide 13:

Question: How will Western measure inadequate TSP supply of VAR support and determine when a TSP is not providing adequate VAR support?

Response: As stated in slide 17, WACM will use either the Reserved Capacity (MW) or the Tagged MW usage by transmission customers of the TSP. WACM will use this amount to charge the TSP.

Updated Response: As discussed in the Brochure, Western has decided to remove the non-Federal TSP requirements from the rate adjustment process and instead pursue changes to the WACM BA practices/policies outside the public process.

Question: Is Western shifting charges for this ancillary service from its Transmission Customers to owners of transmission located within the WACM BAA?

Response: Western doesn't intend for the billing of all Federal transmission service customers and TSPs that don't provide adequate VAR support to be a way to shift recovery of the VAR cost away from Western's customers, but instead as a way to ensure that every taker of the service from WACM/LAP/CRSP is charged. Currently there are transmission providers inside the BA whom don't provide adequate VAR support for their transmission systems. The Federal generation inside the BA is used to provide it on their behalf, without compensation, which actually shifts costs to Western's firm power and VAR customers. The revenues generated from the new charges will offset those VAR costs which, in turn, will reduce the VAR support rate and/or charges for all Western's customers.

Question: Additionally, does the source for VARs have to be located inside the WACM BAA?

Response: Western may consider generation outside the WACM BA as long as the generation is connected to the transmission provider's system and is only a bus away.

2. Slide 16:

Question: Can Western quantify the amount of generation that would be considered "sufficient capacity" to meet the VAR support obligation inside the WACM BA? Can Western provide additional details describing the "technical requirements" that generators must meet to qualify as a generator providing VAR support? How will the reporting form be made available to customers and when will the form be made available to customers?

Response: Western's thoughts are that as long as a transmission service provider has generation which is connected to its own system that should be enough to demonstrate adequate self-supply for its own VAR support requirement as a TSP. Western will use the information gathered in the exemption form to make the final determination. Western hopes to finalize the exemption form and post to the OASIS before the proposal FRN, which begins the public process, is published (~Feb 2016).

Updated Response: As discussed in the Brochure, Western has decided to remove the non-Federal TSP requirements from the rate adjustment process and instead pursue changes to the WACM BA practices/policies outside the public process.

3. **Slide 18:**

Question: VAR support that is provided as part of delivery of FES hydro capacity and energy is already factored into the FES rate? VAR support costs incurred by Western to support the remaining transmission / BA activities are those costs Western is proposing to recover from TSPs?

Response: Correct. The costs above those relating to the FES deliveries are to be recovered by all of the LAP and CRSP transmission customers and also the non-compliant TSPs.

Updated Response: As discussed in the Brochure, Western has decided to treat the Federal generation resources connected to the LAPT and CRCM transmission systems similar to how it treats non-Federal generation resources connected to non-Federal transmission systems – that each provide adequate VAR support on the transmission systems; therefore, it would be inappropriate to provide exemptions to the LAP and CRSP transmission customers.

4. **Slide 19:**

Question: Is the VAR support rate formula shown on this slide consistent with industry determination of a VAR support rate?

Response: Yes. From data gathered, PSCO and PacifiCorp specifically stated they take the total revenue requirement divided by the average of 12-month coincident peaks. Platte River did not break out how the amount was acquired; however, their reserved capacity amount stated in their Schedule 2 is \$48.85/MW/mo. Colorado Springs Utilities Sch 2 stated they use the total reserved capacity which is what we are proposing for our denominator in this Proposal. They however do not mention how their numerator is acquired but making an assumption, it appears they use some form of revenue requirement.

5. **Slide 26:**

Question: Has Western identified the event quantity and duration threshold that would lead to a BAL-001 R2 violation? (ACE > BAAL for 30 consecutive minutes). Western notes 95% of the events studied were within 100 MW and less than 10 minutes.

Response: There are two main reasons for the focus on the 95% of the events and the 10 minute range. First, the current enforceable standard states that it is ten minutes but 90% of those 10 minute periods over a month. In July of 2016 the new standard, with the verbiage referenced

above, goes into effect. The thought as it relates to the new standard verbiage are two-fold. First is that our procedures are developed in such a way to give us time to mitigate issues if they arise because the standard is a black and white standard unlike the previous version. Some of the mitigations requirement coordination to react and the ability for our regulation to cover us during that coordination time is key for Western to continue to meet its performance standard. Second, the magnitude can change. The effect of RBC on BAAL can cause some degree of instability as those limits can change based on the interconnection frequency. Western is working on the worst case scenario as it relates to the BA's ACE limits.

6. **Slide 29:**

Question: Has Western identified the amount of installed solar capacity located inside its BA that will cause Western to calculate a multiplier other than "1.00" for solar?

Response: Western identified a multiplier of 1.0 due to the fact that WACM does not have a significant amount of Solar to study. This number allows for no change in our current denominator but allows for future use if Solar becomes a higher used resource in the WACM footprint.

Question: Will Western perform a "true-up" of revenues collected versus expenses for Regulation? If Western over-collects revenue, then what happens to the excess revenue? How will Western know if it collects excess revenue?

Response: Western does revisit each service after the fiscal year to determine if we collected sufficient revenues to cover the revenue requirement, but true-ups are not performed on the ancillary services. Any over/under collections from Regulation service default to the firm power rate.

7. **Slide 37:**

Question: Regarding plant costs of regulating capacity from LAP and CRSP units, are those costs determined only from resources that are providing regulation?

Response: Yes. Currently Western's Hydro units are the only units providing cycle by cycle AGC response.

Question: Can Western provide the list of resources it utilizes for regulation?

Response: Yes, Western only includes plant costs in relation to the assumed amount of time the plants provide regulation or load following. Currently, the units that provide cycle by cycle response are: Glen Canyon (40 MW bandwidth due to environmental constraints), Mt Elbert when it is generating, Yellowtail, and Estes Park. Also there are some plants that can be used during an emergency: Seminoe/Kortes, Flatiron, and Alcova/Fremont. These are limited because of small flows on those water systems and can only be used for short periods and often require limited usage for a period of time after their use or to be turned off for a period of time. There are active projects run by the USBR to allow for a greater amount of plants to be available for AGC control, but currently they do not have solid completion data.