

Proposed Changes/Clarifications

to WACM's Proposed Formula Rates for Ancillary Services
as listed in the FRN and Section IV. of the Customer Brochure

Energy and Generator Imbalance

1) Elimination of GI Penalties:

- a. Order 890 says that you can't charge penalties for both EI and GI in the same hour, unless the imbalances aggregate rather than offset each other.
 - i. We will keep GI and EI calculations/settlements separate and perform the double penalty check and eliminate the GI penalty where required.
 - ii. At customer's request, we will allow settlement of intermittent generator inside WACM to be fully combined with its EI calculation, vs. being calculated separately, if they sign an agreement stating that they want to do this, knowing they will lose out on the lesser penalty for intermittent generation under the GI rate schedule.
 1. An analysis for a particular customer for one month showed that by combining Wind GI and Load EI calculations, there are 50 hours where penalties would be removed. It also showed that there are 82 hours where a penalty would be added. This simple analysis indicates that there would be a benefit to customers to keep the Wind GI and EI settlements separate.

2) Multi-Party Generators:

- a. We will treat them as "Stand Alone" customer.
 - i. Won't be able to check for EI/GI double penalties.
- b. We will give the Operators the option to allocate the generation to the members, which would allow us to perform the EI/GI double penalty check.
 - i. All parties have to agree in writing.

3) EI/GI Pricing:

- a. In order to be more pro forma, more transparent, and make the calculations easier for customers to understand, we will use Balancing Authority aggregate pricing for all bands, not just the 1st band.

4) EI/GI Administrative Charge:

- a. We are going to eliminate the EI/GI Administrative Charge from the proposal.
 - i. There were multiple customer concerns regarding this charge.
 - ii. Western collects enough penalty revenue to cover the pool of administrative costs.