

**From:** [Bailey, Rodney](#)  
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Western Area Power Administration is continuing to seek an energy imbalance (EI) option to provide long-term solutions for EI for the Loveland Area Projects and Colorado River Storage Projects, as well as the WACM and WAUW Balancing Authorities. During the next month, WAPA will reach out to its LAP and CRSP customers regarding Southwest Power Pool's proposed Energy Imbalance Service (SPP EIS). In accordance with SPP's recent update for commitment to its proposal, WAPA expects to make a decision whether to commit to SPP EIS by Sept. 3, 2019.

Decades ago, WAPA's BA planned reliability needs and ancillary service requirements using operational assumptions that no longer exist. Ever expanding deployment of intermittent, renewable resources and the retirement of traditional baseload generation are creating operational issues that are difficult to manage. Addressing drought conditions, environmental constraints, and market trends only add pressure to already strained regulating hydropower resources. Increasingly sophisticated system management tools and efficient market access are needed to ensure reliable operation and delivery of federal hydropower in this changing operational landscape.

It is clear that status quo cannot continue for the foreseeable future with the changing energy resource mix and environmental requirements. The majority of investor-owned utilities and many public power entities have joined together in organized markets. Organized markets take advantage of economies of scale and the inherent diversity between loads and resources across a large geographic footprint.

CRSP, LAP, WACM and WAUW are currently considering SPP's Western Energy Imbalance Service (WEIS) proposal as a long-term solution for real-time operational constraints that will impact WAPA and its customers. Please note, at this time, this is not a decision on full market participation.

WAPA recognizes the diversity of our customers and differing needs and priorities. It is important to note this is not a decision for WAPA's Desert Southwest or the Sierra Nevada regions. WAPA is working with several DSW customers and will participate in an energy imbalance study for that region. Similarly, SN is working with its customers to analyze the CAISO EIM.

Exploring energy imbalance services allows WAPA to seek solutions that will help us adapt to changes in the energy landscape and continue providing you the valuable services you expect from us.

Please contact me or your regional VP of Power Marketing if you have any questions. You may also visit WAPA's webpage [here](#) for more information.

Thank you,

**Rodney Bailey | Power Marketing Advisor**  
Western Area Power Administration | Head Quarters

(O) 801.524.4007 | (M) 801.309.0713 | [rbailey@wapa.gov](mailto:rbailey@wapa.gov)

