

Letter sent August 23, 2019 to stakeholders from Tim Vigil, VP of Power Marketing for CRSP MC

Re: SPP WEIS administrative fees for Colorado River Storage Project firm electric service customers

At the CRSP customer meeting in Phoenix on August 1, CRSP representatives discussed our intent to eliminate unwarranted cost shifts from the Western Energy Imbalance Service (WEIS) to CRSP Firm Electric Service customers external to the WACM Balancing Authority (BA). It appears that our message may have been misinterpreted from recent customer attendee feedback.

We recognize that some customers may have concluded that administrative fees that include startup and ongoing costs for eight years should not be charged to external customers at all.

It was not our intent that CRSP would charge some customers differently than others through the FES rate nor is that a feasible solution for cost shifts. We talked about all FES customers being responsible for some of the costs that result from having generation and transmission within a BA, whether internal or external, during the meeting. These costs would be incurred regardless of which BA CRSP assets reside in.

We firmly believe that the FES rate should contain some degree of operational costs for being part of a power system. Appropriately, a portion of the administrative fees from WEIS would fall under these operational costs. In the meeting we discussed the fact that approximately 75 percent of FES customers reside outside of the BA and 25 percent reside within the BA. We used these percentages as a proxy to try to achieve some sort of cost shift allocation based on the same values.

Initially we explored passing WEIS administrative fees to internal BA entities through a tariff or BA rate but there were several legal issues that could not be resolved. We finally settled on a cost shift methodology that put us close to the proxy and contained strong elements of cost/causation principles. The result is that CRSP's largest customer, also evaluating the WEIS, agreed to incur roughly 70 percent of CRSP administrative fees associated with FES schedules.

CRSP would pay for approximately 30 percent of administrative fees associated with FES schedules and all administrative fees associated with project use load (project use load is a very small component). The net remaining costs that the CRSP project would incur would be a component of the FES rate. In this case, CRSP's largest customer would also incur approximately 28 percent of any shift in the rate from WEIS membership.

Please note that any benefit that CRSP receives from participating in WEIS, such as through more efficient and cost effective real time generation dispatch, would be passed through to all CRSP customers in the FES rate even though WEIS administrative costs would not be evenly distributed.

At this time CRSP does not anticipate being able to offer substantial available generation resources into the market. Participation in SPP WEIS would provide CRSP an opportunity to evaluate those opportunities.

Please refer to [The Source](#) for more information.



