

November 27, 2017

Mr. Rodney Bayley  
Power Marketing Advisor  
Western Area Power Advisor  
299 South Main Street, Suite 200  
Salt Lake City, Utah 84111

VIA EMAIL: [SPP-Comments@wapa.gov](mailto:SPP-Comments@wapa.gov)

RE: UAMPS COMMENTS ON WAPA RECOMMENDATION ON CRSP PURSUING  
FORMAL NEGOTIATIONS TO JOIN SOUTHWEST POWER POOL (SPP)

Dear Rodney:

Utah Associated Municipal Power Systems (UAMPS) is a political subdivision of the State of Utah whose membership consists of 46 municipal and other community-owned electric utilities located in Utah, Nevada, New Mexico, Idaho, Wyoming, California, and Oregon. Most UAMPS members own and operate a local electric utility system that provides integrated retail electric service to residential, commercial, and industrial customers. UAMPS partners with its members to ensure that electricity is affordable and reliable.

UAMPS currently manages 17 separate projects that provide power supply, transmission, and other services to participating members. For one of these projects, UAMPS acts as a single purchasing agent for its members that are Contractors with the Colorado River Storage Project (CRSP) under Contract No. 87-SLC-0039 and its extension Contract No. 17-SLC-0931.

UAMPS can be contacted at:

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## COMMENTS

As stated in the Federal Register Notice (FRN), WAPA is seeking comments on its recommendation:

[t]o pursue final negotiations regarding membership in the Southwest Power Pool (SPP), a Regional Transmission Organization (RTO). WAPA is seeking public comment from...on the substance of WAPA's recommendations to pursue final negotiations regarding LAP and CRSP membership in SPP.

In general, UAMPS supports WAPA exploring and evaluating the changes in the power markets and agrees that, with the proposed CAISO and SPP expansions in the Western Interconnection, the organized market structure appears to be our future. But as explained below, UAMPS has some questions and concerns that the proposal by WAPA is not complete enough to evaluate and currently has negative impacts to CRSP Contractors.

## UAMPS SPECIFIC RECOMMENDATIONS, QUESTIONS and COMMENTS

While WAPA has held meetings with CRSP Contractors to explain the recommendation to the extent allowed under the non-disclosure agreements that they entered into with other MWTC members and/or SPP, those agreements have prevented a full evaluation and discussion of the impacts that joining SPP will have on the CRSP Contractors. A much more detailed explanation is needed of all the terms and conditions of any agreement between CRSP and SPP. Only at that time, can the CRSP Contractors evaluate the proposal and provide substantial and informed comments to the proposal by WAPA.

Furthermore, UAMPS understands that there are known issues that have not been agreed to by WAPA and SPP. We believe that these issues need to be resolved and the full draft agreement needs to be given to the Contractors before any real comments can be given to WAPA to proceed or withdraw from the negotiations with SPP.

One of those known issues that has been identified by CRSP Contractors is the fact that the WRP/CDP power products that WAPA offers in its power contracts may not be subject to the Federal Service Exemption (FSE) under the SPP market. We find this very problematic since as defined in the recently proffered Power Sales Contract between WAPA and CRSP Contractors, Contract No. 17-SLC-0931, the definition of Contract Rate of Delivery makes WRP and CDP part of WAPA's obligation to the CRSP Contractor.

6.2 Contract Rate of Delivery (CROD) is the maximum level of long-term capacity that the Contractor is entitled to receive in each Season as set forth in Section 7 and in Exhibit A of this Contract. The CROD is the Contractor's allocated share of the SLCA Integrated Projects marketing commitment level established for each Season through the term of this Contract. CROD is met first

with the Contractor's AHP, and then with Customer Displacement Power or Western Replacement Power, or a combination thereof.

6.5 Customer Displacement Power (CDP) is the amount of supplemental power acquired or generated by the Contractor on its own behalf, or by a third party on behalf of Contractor, which if provided by Contractor under Section 7 may be used, as required, as part of the Contractor's CROD and Monthly Energy within a given period.

6.17 Western Replacement Power (WRP) is the amount of supplemental power requested by the Contractor to be acquired by WAPA on behalf of the Contractor as part of the Contractor's CROD and Monthly Energy within a given period and paid for by the Contractor on a pass-through-cost basis. WRP may also be purchased as Seasonal WRP, as provided for in Section 7.2, or as Long Term WRP, as provided for in Section 7.3.

UAMPS has been verbally advised by WAPA that it is negotiating with SPP to include CDP and WRP in the FSE. UAMPS also understands that WAPA is expecting is that the FSE will only include Seasonal WRP and Long Term WRP and that day-ahead or real-time WRP will not be exempted. These power products are a critical part of the Power Sales Contracts that the CRSP Contractors have with WAPA and to not include all the WRP options in the FSE is unacceptable. UAMPS, as well as other customers, have relied on this provision of the Power Sales Contracts. If day-ahead and real-time WRP are not included in the FSE then it will be difficult if not impossible for UAMPS to support Western pursuing final negotiations with SPP.

Another issue UAMPS believes is critical is an assumption in Argonne study, which placed value on CRSP making surplus power sales into the market. The Power Sales Contracts with the CRSP Contractors state that WAPA will provide substantially all hydro power to the Contractors. We do not know what power will be sold into market that helps to make the study conclude that there are benefits to CRSP to offset the negative affects to CRSP.

Specifically, the Argonne Study states,

As explained previously in the CRSP methodology section, under many of the hydrological futures projected by CRSS, the CRSP Office will have excess SLCA/IP capacity and/or energy above SHP contract levels that, **at its discretion**, may be offered to its FES customers as seasonal AHP (emphasis added).

While the Power Sales Contract states,

6.1 Available Hydro Power (AHP) is the maximum amount of hydroelectric capacity and energy that will be made available to

the Contractor monthly as determined by WAPA **based on prevailing water release conditions** and set forth in Exhibit A; Provided, however, that AHP shall not be less than the Contractor's Sustainable Hydro Power (emphasis added).

We believe that these two statements are contradictory and that if the Argonne Study is based on an assumption of what happens if AHP is greater than SHP, then the study is flawed in term of the benefit CRSP Contractors will see from WAPA pursuing final negotiations with SPP. UAMPS suggests that WAPA provide a study based on their contractual obligations.

UAMPS is not currently aware of other issues like the WRP/CDP and Study assumptions issues. UAMPS suggests WAPA and SPP reveal the nature of items that are held within the non-disclosure agreements. Without this full knowledge, UAMPS believes that it is premature for WAPA to enter final negotiations with SPP.

UAMPS appreciates the opportunity to provide its comments on behalf of its members and looks forward to continuing to participate in WAPA's investigation into the SPP market. However, UAMPS cannot support WAPA pursuing final negotiations until further and more complete information is provided and analyzed by UAMPS.

Sincerely,



Marshall Empey  
Chief Operations Officer