

# Loveland Area Project/WACM Customer Meeting

## Energy Imbalance Markets in the West - Discussion Notes

June 26, 2019  
Webinar

**Intro:** WAPA's Rocky Mountain region hosted a customer webinar to discuss energy imbalance as it relates to Loveland Area Project customers and entities within WAPA's Western Area Colorado-Missouri Balancing Authority (WACM BA). The discussion centered on participating in an energy imbalance service, not joining a full market. Exploring options ensures continued reliable delivery of hydropower for WAPA's diverse customer base, while seeking solutions that help us all adapt to the changes in the energy landscape. VP of Power Marketing Dave Neumayer provided an introduction on energy imbalance markets in the West, followed by an open discussion on the topic with webinar participants based on the available information, as of June 26. Mr. Neumayer's presentation is posted [here](#). Below is a summary of the discussion, as well as of comments discussed during the meeting. *Notes in italics reflect information available as of July 26, 2019.*

### QUESTIONS:

**1) What is the timeline for deciding? July 26?**

Answer: At the webinar, June 26, 2019, the deadline was July 26. *(Note: Subsequent to the webinar, WAPA and other entities requested Southwest Power Pool extend the deadline, and SPP has extended the deadline to September 3rd.)*

**2) Will SPP start incurring \$9.5M in start-up costs in August? What happens if there are entities that would like to see a study done or can't make a decision by Aug 1<sup>st</sup>?**

Answer: SPP will begin incurring costs in August (*now September*). SPP is seeking a certain level of commitment by August 1 (*now September 3*), and, if that commitment is reached, then SPP has proposed that other entities could join at each six month interval. WAPA understands entities would like to complete studies prior to making a decision, and SPP has suggested expedited studies could be completed using the Locational Marginal Prices from the Mountain West Brattle Study to conduct a cost/benefit analysis. WAPA will provide 2018 Energy Imbalance information to entities within the WACM BA upon request.

**3) Is EI data available for PSCO BA?**

Answer: PSCO indicated that they thought it was.

**4) How was the \$150k approximate cost calculated?**

Answer: Using NERC published Net Energy for Load (NEL) numbers, the equation is: \$5M multiplied by your NEL divided by the total WEIS NEL. The \$150k calculation uses all load in WACM, WAUW, and PSCO balancing authorities (BAs) in the denominator.

**5) Will WAPA or customers pay the start-up costs? Should the schedules be considered WAPA's load or the customers?**

Answer: If WAPA elects to proceed with SPP WEIS, WAPA recognizes it should share a portion of the start-up costs and, as a result, is evaluating options. One option is to include the firm electric service schedules in WAPA's load, however, WAPA's schedules match its actuals and therefore WAPA's energy imbalance responsibility is limited. Under SPP's proposal, the minimum payment for a market participant is \$9,000.

**6) Is WAPA planning to put together a list of pros and cons between the CAISO WEIM and SPP WEIS?**

Answer: WAPA's Rocky Mountain region, Colorado River Storage Project Management Center and



WACM BA are looking at both and considering the various pros and cons for our organization, but not conducting a formal study. SPP's advantages include LAP's financial integration with Pick Sloan (a member of SPP); stakeholder governance; a more likely path to a full market; etc. We have concerns with the uncertainty of the CAISO governance and a path toward a full market. Financial benefits are not the primary driver and, therefore, a financial comparison will not be conducted, especially given the timeframe.

**7) Is there a difference in participating in a 5 min. market versus a 15 min. market?**

Answer: The difference in sub-hourly timing is not viewed as a significant issue for Loveland Area Project (LAP) and the WACM BA. However, it seems likely that SPP would be open to improvements in the market design and the executive committee governance would enable us to do that.

**8) Has SPP indicated that if they don't have commitment by August 1 there will be no WEIS or is there some flexibility?**

Answer: SPP is seeking a certain level of commitment by August 1 (*now September 3*), and, if that commitment is reached, then SPP has proposed that other entities could join at intervals every six months.

**9) Why not allow more time to enable entities to better evaluate their path forward?**

Answer: SPP has set a deadline and WAPA is trying to honor that.

**10) Is the long-term strategy to get to an SPP 2-day market?**

Answer: With Pick-Sloan eastern division in SPP and LAP being financially integrated with Pick-Sloan Eastern Division, LAP is interested in SPP membership being a potential future option. Also, LAP customers have demonstrated a serious commitment to moving forward with SPP, as demonstrated by the Mountain West effort and that interest level has continued since last April.

**11) How should customers demonstrate their interest in this effort?**

Answer: Send an email to Dave Neumayer, Vice President of Power Marketing for RM, at [neumayer@wapa.gov](mailto:neumayer@wapa.gov) or Jon Aust, Vice President of Operations for CRSP, DSW, and RM, at [aust@wapa.gov](mailto:aust@wapa.gov).

**12) Why is this needed for integrating renewables?**

Answer: An Energy Imbalance Market is helpful to the Balancing Authority to maintain reliability.

**13) Will the Western JDA (Joint Dispatch Agreement) be a replication of PSCO's JDA Tariff? Please contact SPP for specific questions regarding the development of its Western JDA.**

**COMMENTS:**

- Customers are encouraged by SPP's proposal and encourage WAPA to continue its efforts. Customers expressed that, although they enjoyed working with CAISO employees, the CAISO model of having the Balancing Authority be the "middle man" can be difficult. Customers indicate they believe the SPP model is likely superior. Customers expressed they appreciate the SPP proposal is a limited term. They think this will allow some flexibility as things in the West mature.
- Another customer commented that they think joining the SPP WEIS is a good idea.
- Another customer expressed support of WAPA looking at SPP.
- Other customers were concerned with CAISO's governance. Certain customers who are in SPP on the east side have had a good experience working in SPP and support WAPA's efforts and expressed SPP has been important to serve load.

