WAPA Public Process: Mountain West

WESTERN AREA POWER ADMINISTRATION

Forum question and answer summary

Updated: Nov. 27, 2017

PUBLIC PROCESS OVERVIEW

On Oct. 12, 2017, Western Area Power Administration (WAPA) published a *Federal Register* notice (FRN) with a recommendation to pursue negotiations with the Southwest Power Pool (SPP) regarding membership of two of its power projects, Loveland Area Projects (LAP) and Colorado River Storage Project (CRSP). During the 45-day public comment period, WAPA held three public forums to provide customers and other interested parties information about the recommendation and an opportunity to comment. Comments received by Nov. 27, 2017, via mail, email or at the information forums during the comment period will help inform a decision about whether SPP membership for the two projects will provide near- and long-term reliability and economic benefits for customers in alignment with WAPA's commitment to provide power at the lowest possible rates, consistent with sound business principles.

PUBLIC FORUMS

WAPA held three public forums.

CRSP Forum – Phoenix	LAP Forum - Loveland	CRSP Forum - Salt Lake City
November 9, 2017 10 a.m. (MST)	November 9, 2017 1 p.m. (MST)	November 14, 2017 10 a.m. (MST)
WAPA's DSW Regional Office 615 S. 43rd Ave. Phoenix, Arizona 85009	Embassy Suites Loveland Hotel & Conference Center 4705 Clydesdale Parkway Loveland, Colorado 80538	WAPA's Salt Lake City Office 299 S. Main St., Suite 200 Salt Lake City, Utah 84111

Combined, the three public forums had more than 60 attendees. Information presented during the forums is available on WAPA's Mountain West Public Process webpage at: www.wapa.gov/About/keytopics/Pages/Mountain-West-process.aspx

ANSWERS TO FORUM QUESTIONS

This document provides a summary of questions and responses based on information shared at the three public forums. Some questions cannot be addressed until pending negotiations are completed with SPP. All comments and questions received by Nov. 27, 2017, will be considered before WAPA makes a decision to finalize agreements and negotiations with SPP. All comments received and associated responses will be posted to WAPA's Mountain West Public Process webpage.

CRSP public forum, Phoenix, AZ, November 9, 2017

Q: Is WAPA looking at joining SPP from a regional and project perspective?
A: Yes.

Q: (slide 4) – Can you define "functional control"?
A: WAPA would maintain Transmission Switching, but turn over Transmission Scheduling and Security, Automated Generation Control, and certain planning functions.

Q: (slide 9) – What is included in the $24-60M administrative fee, are those WAPA fees or SPP fees?
A: Administrative fees include the costs a regional transmission organization (RTO) charges to perform all market, operational, and planning services. The $24-60M represents the range of estimates received from the RTO responses to the Request for Information (RFI). It is the estimated administrative fee for the entire Mountain West entities.

Q: (slide 10) – Who were the four RFI respondents?
A: CAISO, SPP, PJM, MISO

Q: (slide 10) – Are TriState and Xcel "members" or "participants"?
A: They are members and so is Basin Electric.

Q: (slide 14) – Can you clarify the cost share if a new project in the CRSP zone was completed?
A: Firm Electric Service (FES) deliveries are exempt. A benefitting zone analysis would be performed by SPP to determine zonal cost allocation. The beneficiary pays.

Q: (slide 14) – How does the Federal Service Exemption (FSE) apply to southern division CRSP customers?
A: The FSE covers all CRSP Firm Electric Service (FES) deliveries, including those to Pinnacle Peak.

Q: Does the FSE apply to transmission?
A: The FSE does not apply to transmission sales.

Q: (slide 15) – Where do the costs that are exempted by the FSE go?
A: The costs are "uplifted" and socialized across the market footprint. There could be benefits as well that will be treated the same way.

Q: When talking about across the "footprint," does this include SPP East?
A: No, just the west.

Q: Are market activity costs and benefits included in the FERC filing?
A: No, the filing covers costs/rates, not the market activity cost/benefit.

Q: Are there other cost components that are uplifted and applicable to customers?
A: There are other uplifts and Mountain West is not exempt. The uplift is not isolated to costs though, there are also benefits that are uplifted across the footprint.

Q: How are uplift dollars collected?
A: All uplifts have their own methodology; typically through energy usage and ensuring the beneficiary pays.

Q: (slide 18) – Would the FES contracts need to be changed?
A: No, but if the need ever arises, WAPA would work collaboratively with customers.

Q: (slide 18) – Does SPP East have a drive-out component, and why is that needed?
A: Yes, an SPP representative at the meeting described the method used in the East.

Q: Does the tariff provide the option to have the point on the footprint tail be Shiprock vs. Pinnacle Peak?
A: The tariff is based on however the footprint is defined. WAPA believes that the entire CRSP system will need to be within the footprint.

Q: Are there any arrangements of special treatments at the seams?
A: SPP is responsible for what is in its territory. There are grandfathered arrangements SPP manages, but in general other than these types of arrangements, no.

Q: Are external FES deliveries point-to-point or flow-based?
A: They are static external network transmission system load, based on schedule at the CRSP rate if they are scheduled on the CRSP system.

Q: How is the Annual Transmission Revenue Requirement (ATRR) calculated, point-to-point or network transmission service?
A: The ATRR remains the same, regardless of collection methods. It will be seamless to the FES customer.

Q: (slide 19) – Will WAPA continue to have a 10-Year Capital Planning process?
A: Yes, there will be no change to the annual 10-year capital planning process, which incorporates collaboration with customers on planned maintenance of existing infrastructure. The only real impact is to large-scale new additions. The proposed CRSP zone does not entail any facilities from non-CRSP transmission providers, so the autonomy should remain.

Q: (slide 20) – How will reliability coordinator services be met?
A: The Mountain West participants would use SPP for RC services.

Q: How will the market change impact your customer base for transmission and energy services?
A: WAPA does not anticipate any negative impact to CRSP FES.

Q: Does market participation impact purchased transmission and wheeling?
A: No. This is associated with transmission reservations on other entities systems, and currently the majority of CRSP purchased transmission is on systems outside of the market footprint.

Q: (slide 23) – What are the mechanics WAPA is proposing to collect these expenses?
A: Cost shift mitigation will be collected through the Regional Through and Out (RTOR) revenues. SPP will collect and distribute RTOR revenues according to the mitigation agreement.

Q: What will be the cost shift after the seven-year mitigation period is over?
A: We anticipate more market benefits at the end of the seven-year mitigation period, and don't anticipate mitigation will be required.

Q: (slide 13 & 21) – If WAPA is exempt from "certain" costs, including congestion and losses; are there costs WAPA and its customers are not exempt from?
A: Yes. For firming purchases WAPA customers would be subject to congestion/losses.

Q: How would you collect those costs?
A: Through the FES rate and Western Replacement Power (WRP), just as firming costs are collected today.

Q: Are non-market participants subject to these fees?
A: Yes, if a non-market participant purchases energy or transmission from the market, they will be subject to all applicable fees. If they are not purchasing transmission or energy from the market they will not be subject to these fees.

Q: (slide 24) – What if CRSP's costs are less than the mitigation payment?
A: CRSP will receive $11M per year according to the mitigation agreement. If costs are less, CRSP will benefit from the additional payment above costs.

Q: (slide 24) – What happens when the seven-year mitigation period is over? In year, eight will $11M in revenue go away?
A: WAPA anticipates footprint expansion leading to larger market benefits that would offset the loss of the $11M mitigation payment. In the event there is no change within the seven-year mitigation period, and these costs are actually realized, CRSP would need to absorb the costs associated with participation.

Q: How are the costs/benefits for CRSP different from those WAPA's Upper Great Plains (UGP) forecasted? Can you highlight some differences?
A: The situation that UGP faced when evaluating SPP membership is different for three reasons. 1) When UGP was analyzing joining the market it saw immediate benefit from regional cost. New transmission was being constructed and UGP would have been assigned an allocation of those costs if not for the FSE. 2) UGP was also seeing a reduction in its bi-lateral trading partners and therefore a corresponding increase in purchase costs, so this provided immediate benefit from joining a

market. 3) WAPA is using conservative estimates for CRSP in this process, realistically we would see financial benefits.

Q: Considering conservative estimates of benefit compared to forecasted losses, why should customers support this proposal?
A: The mitigation process will initially protect CRSP FES customers and WAPA anticipates the expansion of markets will provide greater benefits by the end of the seven-year mitigation period. Additionally, WAPA anticipates that if CRSP does not participate now, it will face the same costs later, as markets expand, but that it will not receive cost-shift mitigation, or possibly, the FSE.

Q: (slide 24) – Is there a way for WAPA to exit the SPP market if it is not working out?
A: Yes, there are ways to exit. However, there are financial costs associated with exiting.

Q: WAPA has assured customers that if market participation does not make financial sense, it will not pursue it. How does this proposal and the seven-year mitigation period make financial sense?
A: WAPA is seeking to protect CRSP firm electric service customers. Under the assumption a market is coming, WAPA views this is the best option because it is able to negotiate a federal service exemption and mitigation payment.

Q: What if the assumption about market expansion is incorrect?
A: WAPA agrees the proposal and the Mountain West effort is based on assumptions and projections based on the information we have available today. WAPA anticipates this is the best course of action.

Q: How does SPP manage and fix situations that negatively impacted SPP customers?
A: An SPP representative attending the meeting provided an example of the development of the RCAR feature that was rolled out and then needed to be corrected. The SPP representative said there are a multitude of other examples that could be discussed offline.

Q: Does WAPA have a way to be able to re-look at future impacts, and a mechanism for fix something identified to be broken?
A: If the market isn't working, WAPA will know pretty quickly and respond accordingly.

Q: Is the phased-in administrative fee savings already subtracted?
A: Yes, the $11M already includes the anticipated administrative fee discount.

Q: Has anyone joined SPP and subsequently withdrawn?
A: Not in the modern era, the last one was in 1997.

Q: (slide 23 - mitigation agreement slide) – The last two bullets use "insufficient" as a descriptor, how is it relevant?
A: The bullets explains that CRSP will receive $11M mitigation, whether it is through RTOR revenues or mitigation payments from other parties.

Q: So has WAPA made its decision on joining SPP?
A: No decision has been made. But, without the mitigation WAPA would not go forward.

Q: (slide 24) – Is the $11M mitigation a flat amount for the seven years?
A: Yes. It is set at approximately $11M per year for the full seven-year period. WAPA completed extensive analysis to determine how much would be required for CRSP to remain at zero impact.

Q: (slide 26) – Would you describe the differences of the scenarios?
A:

- 2016 Joint Tariff: Compared the 2016 Status Quo with having a Joint Transmission Tariff within the footprint.

- 2016 Regional Market: Compared the 2016 Status Quo with a fully integrated regional market. It should be noted that in this scenario the Brattle Group built in some additional flexibility with how the coal units operate. The "Must Run" scenario below is the same analysis, but the coal units run the same as they do today.

- 2016 Regional Market with Must Run: Compared the 2016 Status Quo with a fully integrated regional market. This scenario differs from the one above in that the coal units run as they do today, without the additional flexibility Brattle built into the scenario above.

- 2024 Regional Market (current trends): Compared the 2024 Status Quo with a fully integrated regional market based on current estimates for load growth, renewable integration, projects, etc.

- 2024 Regional Market (high natural gas price): 1 of 2 sensitivity analyses, compared a fully integrated market to the status quo using a scenario where the price of natural gas is approximately double.

- 2024 Regional Market (market stress): 2 of 2 sensitivity analyses, compared a fully integrated market to the status quo using a scenario where there is significantly higher load and approximately a 30-percent reduction in energy production from WAPA hydroelectric power generation.

Q: (slide 31) – What information is there regarding regionalization of CAISO?
A: It is hard to project whether it will be SPP or CAISO or something else, but WAPA anticipates markets will expand in the West.

Q: What would happen if WAPA's Desert Southwest region (DSW) joined CAISO?
A: WAPA anticipates this is an unlikely scenario. DSW is working with entities in the Southwest right now to evaluate market participation. These are early discussions, but WAPA is working with customers and evaluating potential options. Already, WAPA is starting to see less trading partners and more risk.

Q: If CRSP does not join SPP, would that change things for DSW?
A: Yes. DSW and other southwest entities are looking at several opportunities. WAPA would work to minimize seams issues noting overlap of the Parker-Davis Project (PDP) and CRSP customer base.

Q: Please discuss the timeline of the mitigation agreement, and why the draft mitigation agreement is not available to review?
A: WAPA is working with all Mountain West parties to finalize the agreement. Since it is a multi-party agreement it does take longer. WAPA would like it to be signed as soon as possible, but realize other parties have specific processes they must go through to sign these type of agreements. The agreement is covered under the Mountain West non-disclosure agreement and is not a WAPA-only decision. It is anticipated that once the mitigation agreement is signed, it would be shared with the customers.

The terms of the agreement applicable to WAPA and its customers are that CRSP would receive $11M per year from either RTOR revenues or other Mountain West participant contributions. The agreement is multi-party and contains proprietary information from other Mountain West parties that are covered under the Mountain West non-disclosure agreement.

> Comment by Platte River Power Authority: We are a CRSP customer, too, and this is important to us. A key point made from day one has been to keep CRSP whole. If we open the contract up to customers it will fail. This agreement is unique and has two other members that aren't guaranteed as CRSP is. Platte River is chipping in a lot of money. WAPA needs the latitude to perform its due diligence and void unrealistic vetting expectations. You need to provide a vote of confidence for WAPA representatives and that CRSP is doing what is right. Have some faith.
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> Comment by forum attendee: Those outside the CRSP zone are not protected and aren't at the table. Their business is in jeopardy. It's more than just FES for some of us.
>
> Comment by WAPA representative: WAPA is committed to transparency, but we need to be able to negotiate a mitigation agreement. Since this is a multi-party contract, WAPA cannot disclose the agreement without consent of the other parties.

Q: Will WAPA respond to questions and comments prior to the end of the comment close date?
A: Yes, we intend to respond as soon as practicable prior to the close of the comment period.

Q: Would WAPA support an extension of the comment period?
A: No.

Questions from forum participants to SPP:

1. Q: What types of fees or expenses would be seen starting in January?
   A: There is no entrance fee. If Mountain West pulls out during implementation, the current SPP members should be reimbursed for their expense of on-boarding Mountain West.

2. Q: What is an estimated cost range for exit fees if an entity wants to get out of SPP?
   A: A current estimate is not available, but SPP could consider coming up with one.

3. Q: Is the $209M net projected benefit an East-side benefit?
   A: Yes, that is only for the East. Associated with the benefits described in the slides, a bigger footprint to share administrative fees benefits the East. The DC ties also add to the benefit.

4. Q: Has there been a discussion where a dollar estimate has been established for assuming CRSP was to not continue on with Mountain West?
   A: No

LAP public forum, Loveland CO, November 9, 2017

Q: How will the profits be divided among the Mountain West Transmission Group (Mountain West) participants?
A: The costs and benefits would be determined independently for each Mountain West participant. Costs include primarily the SPP administration fee. Benefits would come from each Mountain West entities participation in the market.

Q: Has LAP completed an analysis to determine which entities might have increased costs, and whether the seven-year mitigation plan is long enough?
A: Each of the Mountain West participants have completed an analysis of the impacts and cost shifts that are expected to occur to that participant. All Mountain West participants are comfortable with the magnitude and length of time for the proposed mitigation, and are still committed to moving forward. The total mitigation amount is expected to be less than 3-percent of the total Mountain West annual revenue requirement.

Q: Has WAPA conducted an analysis to estimate the potential impacts to each customer?
A: Although WAPA has taken the high-level impacts to customers into consideration, WAPA has not conducted an exhaustive analysis on the impacts to each customer. WAPA is willing to provide assistance to its customers upon request.

Q: Was the cost-shift analysis for both Mountain West participants and non-participants?
A: There was an awareness of both. However, the analysis for non-participants was primarily considered based on high-level assumptions. A more detailed analysis for each non-participant would require non-participants to provide substantial information on existing resources, costs, and contracts. It is the responsibility for each entity to analyze and estimate the impacts to that entity. WAPA would be happy to provide assistance if requested.

Q: What is the minimum size for new transmission projects to be allocated?
A: The minimum voltage is proposed to be 100 kilovolts (kV) to be under the tariff in SPP-West. Facilities less than 200 kV and costing less than $15M will be allocated via a zonal allocation.

Facilities greater than 200 kV and costing more than $15M will be allocated using a combination of a regional allocation and a zonal allocation based on benefits.

Q: Are there any grandfathered bilateral arrangements for transmission above 100 kV that will need to be allocated?
A: Not for LAP. CRSP has more arrangements, however, they are known and being taken into account.

Q: Were WAPA's UGP benefits in joining SPP greater than expected?
A: The market benefits were a little higher than expected. However, the financial benefits of joining SPP were primarily realized due to the exemption of some significant transmission system installations.

Q: As defined, is a transmission benefit for LAP really a cost savings or a cost shift to another entity?
A: For transmission costs, it is a savings for LAP. Because the Annual Transmission Revenue Requirement (ATRR) does not change, a savings for LAP would be a cost for others. However, each entity may realize other benefits.

Q: Why does the proposal require self-conversion of Auction Revenue Rights (ARR) to Transmission Congestion Rights (TCR) in regards to the DC ties?
A: A mechanism is needed for those holding physical rights to the DC ties to contribute to the ATRR. If the ARRs are not required to convert to TCRs, the physical rights holders would not be paying for a fair share of the ATRR for the DC ties.

Q: Will this proposal impact how the DC ties are operated?
A: The DC ties in the Western Area Colorado-Missouri (WACM) Balancing Authority would move into the SPP Balancing Authority. The transmission operators will remain the same. However, incorporating the DC ties into the SPP market, should provide for greater optimization of the ties.

Q: Does the ATRR for the Sidney DC Tie include the replacement/rehabilitation?
A: It includes costs that WAPA anticipates are sufficient to maintain and keep the DC tie running.

Q: Are the other DC ties included in the DC tie ATRR?
A: The following DC ties are included which provide a total of 720 megawatts (MW) of capacity: Sidney (WAPA), Stegal (Tri-State), Rapid City (Basin/Black Hills), and Lamar (Xcel). The Miles City DC Tie is currently in the SPP tariff, but will not initially be integrated into the market and included in the Mountain West proposal.

Q: Will the process for offering excess hydro in the spring change if LAP joins SPP? Specifically, would excess energy from LAP be bid into the market?
A: If a certain level of excess hydro energy is available, it would be offered first to LAP Firm Electric Service (FES) customers in the same manner it is today.

Q: Is WAPA planning to revisit the inclusion of transmission costs in the LAP bundled product and rate to avoid transmission pancaking for customers?
A: WAPA is not currently planning to address this as it would require unbundling the LAP FES rate. Unbundling could potentially impact the proposed Federal Service Exemption. In addition, the financial integration of Pick-Sloan Missouri Basin-Western Division and Pick-Sloan Missouri Basin-Eastern Division would make it difficult to unbundle and unwind the FES product.

Q: Have you looked at how the generation resources may be operated differently?
A: Based on Upper Great Plains (UGP) experience, after joining SPP, WAPA found the hydropower resources were being more block scheduled as a base resource and were not being used for regulation as much.

Q: What happens to the current projects that are in the LAP transmission and interconnection queues, and what happens to existing Large Generator Interconnection Agreements (LGIAs), if LAP joins SPP?
A: Signed interconnection agreements will be grandfathered into SPP with no additional studies required. Other projects will depend on where they are at in the study process. If the current transmission provider can complete the study before being integrated into SPP, SPP will likely honor that study without additional studies. If the work will not be completed before that, transition plans will be determined on a case-by-case basis. Upon a decision to move forward, a transition plan will be developed, posted to the SPP website, and communicated to impacted parties.

Q: What happens if WAPA does not join SPP?
A: Each Mountain West participant will make an individual decision to join SPP. It would be problematic for the other participants if WAPA or one of the other Mountain West participants with a large transmission system did not join SPP due to the size and reach of their transmission system.

Q: Would SPP be the provider of ancillary services? Would LAP resources be bid into the market as ancillary services?
A: Yes. SPP would be responsible for running the ancillary services market and providing ancillary services. WAPA would bid ancillary service resources into the market.

Q: Will there be a SPP-West and a SPP-East balancing authority (BA)?
A: Yes, because the Eastern Interconnection and Western Interconnection operate at separate frequencies. However, there would be a single market for energy and ancillary services across the entire SPP-East and SPP-West footprint.

Q: Where should comments be submitted?
A: SPP-Comments@wapa.gov

Q: If Mountain West does not go forward, what would happen if 1400 MW of wind were added to the BA? Does SPP enable that type of integration?
A: WACM continues to find it more challenging to balance the renewable resources. The SPP BA would have significantly more capability.

Comment: PRPA appreciates WAPA's cooperation in the overall Mountain West effort because there are benefits to be realized by others.

CRSP public forum, Salt Lake City, UT, November 14, 2017

Q: What is included in the $24-60M RTO administrative fee estimate? Is it for each individual entity or the entire Mountain West footprint?
A: The RTO administrative fees range from $24-60M and include the costs the RTO's charge to perform all market, operational, and planning services. The range is from the RTO responses to the Request for Information (RFI) and includes the total annual administrative costs for the entire Mountain West footprint.

Q: Does this process require DOE approval?
A: No. The authority to make decisions on whether to join an RTO is delegated to WAPA's Administrator. However, WAPA has been communicating with DOE throughout the process to ensure they are aware of the status.

Q: How soon will a decision be made?
A: We expect to make a decision in December about whether to continue negotiations and finalize agreements. Assuming the collective decision of the Mountain West participants in January to continue negotiations, we anticipate a final decision about whether to join SPP by mid-2018.

Q: What happens if there is not enough Regional Through and Out (RTOR) revenue to cover CRSP's cost shifts?
A: CRSP will receive mitigation from the other Mountain West participants if RTOR is insufficient to cover its cost shifts. CRSP will receive $11M in mitigation regardless of RTOR revenues received. RTOR revenues received above mitigation requirements will be distributed to all Mountain West participants based on an agreed-upon RTOR distribution methodology.

Q: Will there be a RTOR charge for transactions going from SPP-West to SPP-East?
A: No. Transactions from East to West and vice versa will be within the market footprint, so there would not be a ROTR charge associated with those transactions.

Q: Will the Firm Electric Service (FES) deliveries outside the footprint be subject to ROTR?
A: The CRSP FES deliveries outside of the footprint will not be subject to the RTOR because they will be considered external network service and will be treated as if they were within the CRSP zone.

Q: WAPA has previously indicated that there was a question on how Western Replacement Power (WRP) and Customer Displacement Power (CDP) would be handled. Has this been resolved?
A: No. WAPA is still in discussions with SPP about how WRP and CDP will fit within the RTO construct and whether the Federal Service Exemption (FSE) will apply to these transactions.

Q: Regarding the provision of the FSE that exempts WAPA from marginal congestion costs and marginal transmission losses, it has been considered that there may be times when marginal congestion and marginal losses could be a benefit to CRSP because they would be a revenue source. Did CRSP consider that the FSE may prevent them from receiving benefits in some cases?
A: CRSP did look at the costs and benefits associated with being exempt from marginal congestion and marginal losses as part of the Argonne analysis. WAPA determined through the analysis that although CRSP may forgo some benefits in certain situations, having the 100-percent hedge and the reduced risk provided by the FSE is more beneficial.

Q: Will the Salt River Project (SRP) exchange be subject to the RTOR?
A: As a pre-Open Access Transmission Tariff (OATT) agreement, the SRP exchange will be a grandfathered agreement. SPP and WAPA are continuing to discuss how the SRP exchange will be handled in a market.

Q: If a project is less than $15M but over 200 kV will the costs be assigned 100-percent zonally?
A: Yes.

Q: With the DC tie, will it be a single market solution?
A: Yes, it is anticipated it will be a single market solution.

Q: In order to facilitate a single market solution, will Mountain West be required to maintain DC tie availability? Will the facilities be available on demand?
A: Subject to existing long-term contracts that may or may not be converted at the discretion of the owner, the DC ties will be available to the market.

Q: Will there be any agreements between Mountain West and SPP during the negotiation period; assuming the Mountain West participants agree in January to move forward with negotiations?
A: Yes. There will be an agreement between SPP and the Mountain West participants that outlines how Mountain West participants would reimburse SPP if the entities terminate negotiations. This would cover SPP costs incurred in preparation for Mountain West to join the RTO. If Mountain West is successful and the entities join SPP, these costs will not be billed.

Q: What kind of exit fee does SPP have? For example, if CRSP decides in two years that joining SPP isn't working, how is that calculated?
A: Each member's obligation will be calculated from two components, 25-percent is based on the total number of members and 75-percent based on the entities share of the total load.

Q: Has CRSP conducted a financial impact assessment to look at what costs it might expect if it were to not join with the Mountain West at this time?
A: CRSP has performed analysis to look at the financial implications of not joining now. However, it is difficult to determine what the future might look like. WAPA anticipates that markets will continue to expand in the West and that if CRSP does not join now, it will likely be forced to join an RTO later (not necessarily SPP). If this were to happen, WAPA anticipates that CRSP costs to join an RTO may ultimately be much greater.

Q: What will happen with the 2436 contract if CRSP joins SPP?
A: Today, it would not be impacted because the facilities under 2436 are outside of the current footprint. If the footprint were to expand to encompass PacifiCorp's facilities in Utah, CRSP would need to work with the parties to the agreement to determine the best course of action. CRSP anticipates that there may not be a need for the agreement in a market, but that if the parties determined there was a need it would likely be eligible to be grandfathered in since it is a pre-OATT agreement.

Q: What is meant by the statement that there is no initial benefit?
A: In the adjusted production cost savings analyses performed by Argonne and Brattle, it was estimated that there will be little to no adjusted production cost savings to CRSP from participating in a market.

Q: What is the decision in December?
A: WAPA will decide in December whether to finalize negotiations with SPP.

Q: Has WAPA determined that the market footprint will extend to Pinnacle Peak and will not stop at Shiprock?
A: Correct. Although WAPA is still talking about this internally and no decision has been made, it anticipates that including Glen Canyon in the market footprint is essential to realize many of the benefits of market participation.

Q: Why does the point-to-point transmission rate go up?
A: The rate goes up because the Annual Transmission Revenue Requirement (ATRR) remains the same, but is recover by a smaller reservation (the denominator reduces, while the numerator remains the same). The CRSP zone will set a rate to recover the CRSP ATRR. Load sinking in the CRSP zone will pay the CRSP zonal rate. It will be under the SPP tariff and collected by SPP, but the revenues will be provided to CRSP. Any transactions leaving the footprint will be subject to the RTOR rate which is an average of all of the zonal rates.

Q: For the cost-shift mitigation, after the seven-year mitigation period what happens to CRSP incurred costs? Specifically, in year eight?
A: If after seven years nothing has changed from status quo in the Western Interconnection, which is unlikely, CRSP would have the additional cost without any mitigation. CRSP anticipates that after seven years, market expansion will include most, if not all, of its FES customers and that it will be realizing more benefits from market participation.

Q: What are the chances of extending the comment period?
A: The comment period will not be extended.

Comment by forum participant: This was all done in secret.
Response: WAPA has been as transparent as possible throughout this process, while still adhering to the Non-Disclosure Agreements (NDAs) between the Mountain West participants and SPP. WAPA

held numerous customer meetings to provide updates. Presentations from those meetings are available on WAPA's website.

Comment by NTUA: NTUA opposes CRSP entering SPP. NTUA believes the right-of-way granted to WAPA to build the transmission lines across the Navajo reservation is for operating CRSP and not for facilitating various entities' access to SPP. NTUA is also concerned about the RTOR and it has voiced this concern on several occasions. NTUA wants to make it clear that our position has not changed. We continues to ask WAPA to look for other potential solutions. We do not believe the benefits outweigh the costs and believe WAPA should not proceed with membership.
Response: We appreciate your comment. Please be sure to submit comments in writing by email to SPP-Comments@WAPA.gov or send a hard copy to Mr. Rodney Bailey.

In regards to other entities having access to the CRSP transmission system, every entity currently has access to the CRSP transmission system today. All transmission capacity above what is needed for FES deliveries is publicly posted and is available to any entity that would like to purchase it under the OATT.

NEXT STEPS
WAPA will consider all comments and questions received by Nov. 27, 2017, before it makes a decision, whether or not to pursue formal negotiation with SPP regarding membership for LAP and CRSP. This consideration is anticipated to be complete in early 2018. Once a decision is reach, WAPA will post the decision on its Mountain West Public Process webpage at:
www.wapa.gov/About/keytopics/Pages/Mountain-West-process.aspx

CONTACTS
For general questions regarding this effort, call:

- Dave Neumayer, 970.461.7322, for LAP-specific questions
- Parker Wicks, 801.524.5265, for CRSP-specific questions