

WAPA and MARKETS

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Welcome to the first WAPA and markets newsletter for 2021. The next few weeks will be critical for both transition projects into new energy imbalance management organizations.

First, Sierra Nevada will implement parallel operations with the California Independent System Operator Western Energy Imbalance Market at midnight Jan. 26. This is the last significant project milestone before implementing EIM at SN March 25.

Then, Upper Great Plains-West, the Colorado River Storage Project and Rocky Mountain region will cut over to the Southwest Power Pool's Western Energy Imbalance Service market at midnight Feb. 1, achieving the goal set Sept. 9, 2019, to join the new energy imbalance service.

Both efforts required the dedication and expertise of hundreds of employees across several departments, offices and teams in WAPA as well as significant engagement from our customers, generating agencies and other stakeholders.

Thank you for your contributions and support over the past 18 months as we prepare WAPA for the energy frontier.

SN TO BEGIN PARALLEL OPERATIONS JAN. 26

SN remains focused on development and testing to prepare for parallel operations with the California Independent System Operator EIM Jan. 26. The region has completed all 13 structured market simulation scenarios with CAISO and Balancing Authority of Northern California and has initiated internal unstructured market simulation scenarios for SN's merchant and operations functions.

The team continues to work with the software vendor on outstanding issues required for the go-live March 25. Integrations with the Bureau of Reclamation are on track to supply generation data to WAPA and receive dispatch signals from the market.

SN has also updated its interconnection contract agreements with the other EIM participants and is working with CAISO to revise load forecast accuracy.

Finally, SN's short-term frequency response reserve rate went into effect Jan. 7. FRR is a new requirement implemented by BANC and based on a North American Electric Reliability Corporation reliability standard. Rate Order No. WAPA-194, which includes the long-term rate for FRR and EIM rates, will be submitted to the Federal Energy Regulatory Commission in early 2021 with an effective date of March 25.



More information on SN's transition is available at the [SN energy imbalance market activities webpage](#).



DSW, STUDY PARTNERS REVIEWING UPDATED, MODIFIED BASE-CONDITION ANALYSIS

On Oct. 28, DSW, Arizona Electric Power Cooperative, Central Arizona Water Conservation District and Southwest Public Power Agency released their second study update. The E3 benefits study completed a second base-condition analysis after the initial results revealed a need to update certain variables in the study.

After reviewing the second base-condition study results, DSW and the study participants decided to run a third base-condition analysis with some new changes to the modeling assumptions. The results are now being reviewed.

Once the base condition analysis has been finalized, sensitivity analyses will be run and reviewed. The study participants expect to share study results in March.

The cost analysis, run by Utilicast for DSW and AEPCO, is essentially complete. This study identified the initial upfront costs associated with joining either the CAISO EIM or SPP Western Energy Imbalance Service market and the annual ongoing costs of each option.

As the Balancing Authority and sub-BA operators, DSW and AEPCO would incur these costs initially and then pass them on through their respective rates. The cost estimates will be shared with the benefits study results, once ready, to provide customers and stakeholders a complete picture of potential market participation.



More information on DSW's effort is available on the [DSW energy imbalance market activities webpage](#). You can also read the first update on these studies published May 26 by DSW and neighboring study participants.



WEIS CUTOVER TO OCCUR FEB. 1 PENDING FINAL GO/NO-GO DECISION

The WEIS team is completing the final necessary steps for a successful cutover at midnight Feb. 1, pending a final go/no-go decision by the Western Markets Executive Committee scheduled for Jan. 22.

FERC approved SPP's WEIS tariff Dec. 23, completing the last critical regulatory step for the market to begin operating in February. WAPA's Open Access Transmission Tariff Revision 20-02, which covers CRSP's and RM's participation in WEIS, will take effect Feb. 1. The notice of active participation by CRSP and RM will be posted on OASIS before then.

The last review and comment cycle for the draft Business Practices concluded Dec. 18. Based on the pending go-live date, the team is working on finalizing the Business Practices and posting "Pending Business Practices" to OASIS Jan. 25 with an effective date of Feb. 1. In addition to the final Business Practices, WAPA will also post redline versions to the previous draft revisions and responses to stakeholder comments to OASIS.

The RM and CRSP rates for short-term sales in WEIS were approved by WAPA's Administrator and CEO Mark A. Gabriel Dec. 29, distributed to customers Dec. 30 and posted to the RM and CRSP Rates websites Jan. 4. RM and CRSP plan to publish Federal Register notices in the coming months to initiate the long-term rate adjustment processes.

Finally, WAPA staff continues to work through parallel operations, test software patches with our vendors daily on outstanding configuration items and establish work arounds for a successful cutover. Staff are also undertaking just-in-time training. Finally, Rocky Mountain staff continue to receive signed Western Area Colorado Missouri Balancing Authority Services Agreements.

For more information on the WEIS transition, visit the [WEIS activities webpage](#).



Thank you for reading the *WAPA and Markets* newsletter. For more information, call your regional representative or visit the [WAPA-wide energy imbalance activities webpage](#) on The Source.



**Western Area
Power Administration**