



Western
Area Power
Administration

Western Regional Partnership: Discussion on Markets

August 17, 2016

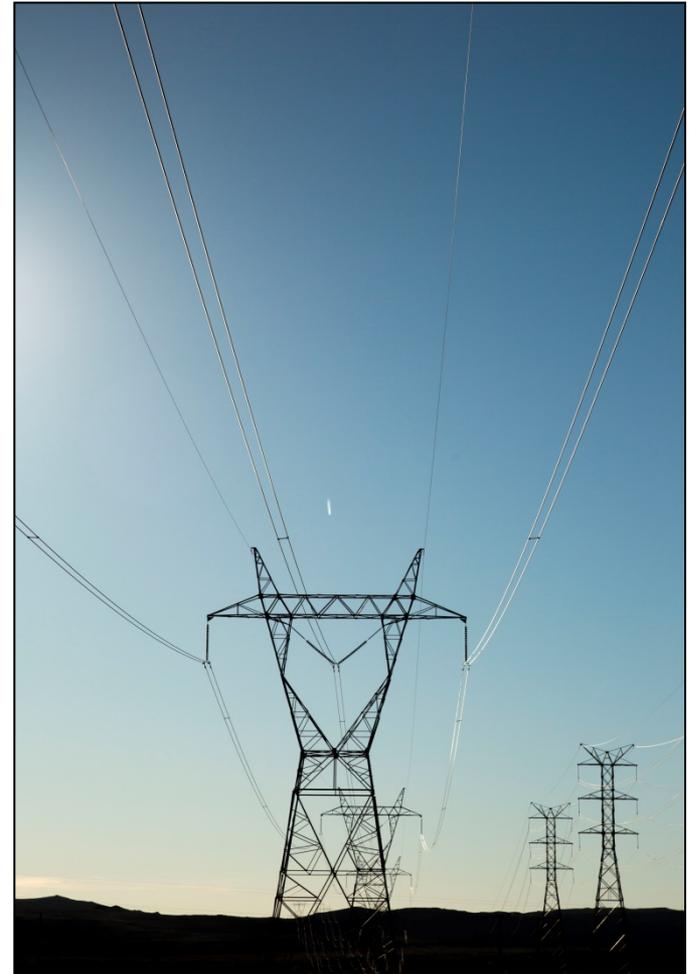
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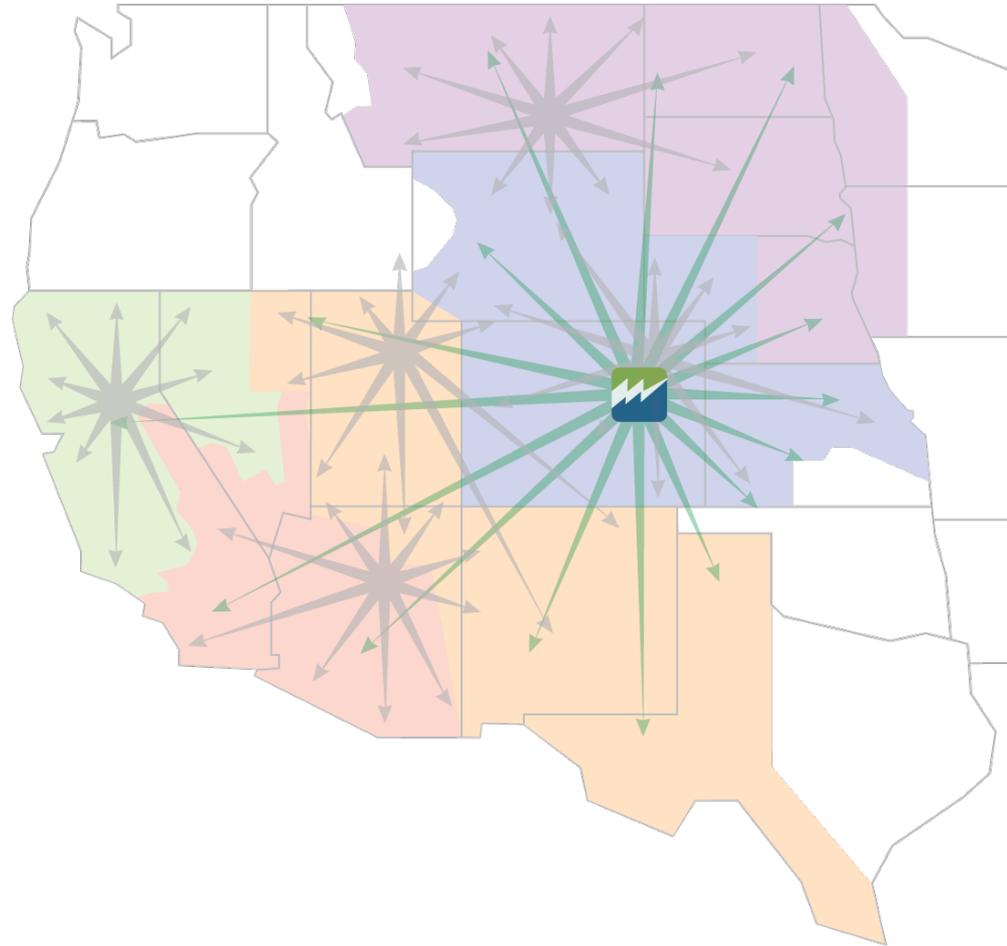
WAPA's Interest

- WAPA's significant transmission system
 - More than 17,000 circuit miles
 - 15 states
 - Among top 10 in the country
- Expanding geographic scope of markets
- Expanding number of participants
- Increasingly limited trading partners



WAPA's Concerns

- Statutory requirements
- Each region has unique legislation and needs that must be addressed on case-by-case basis
- Cost



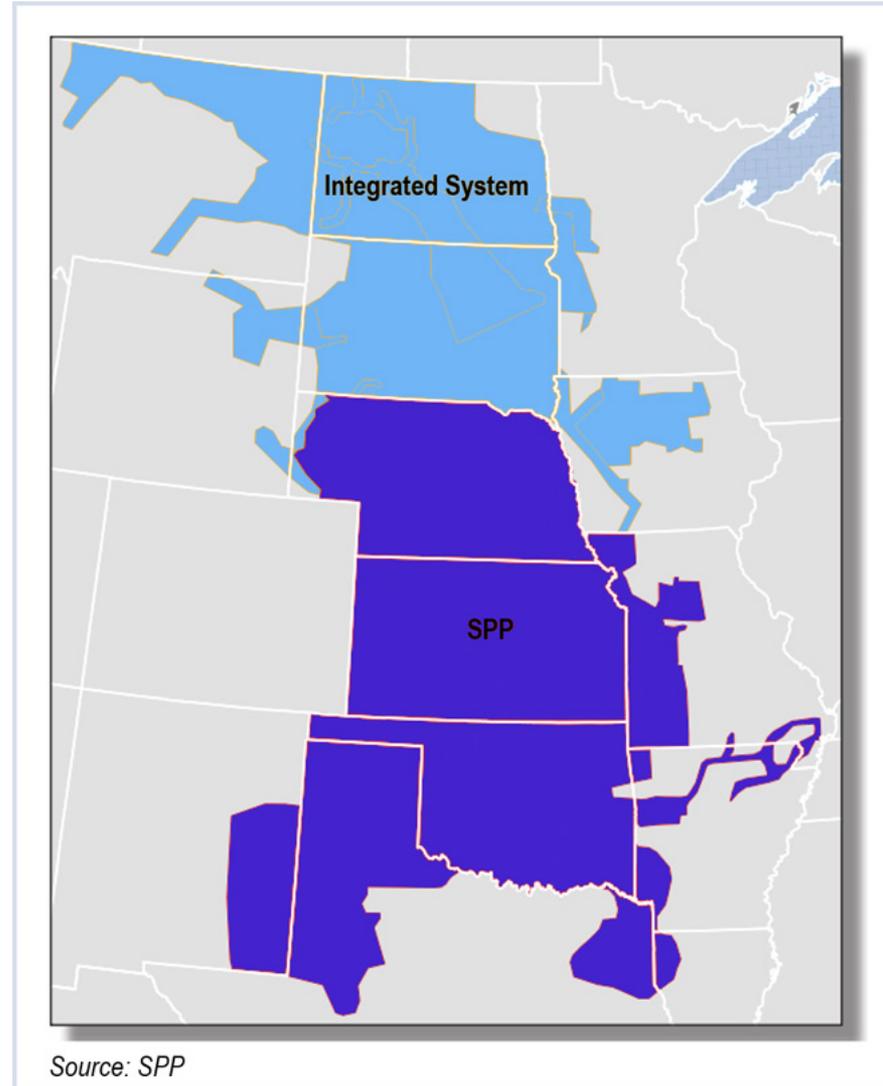
Industry Trends: Customer Survey

- Industry driven by:
 - Convergence of technology
 - Rates
 - Customer engagement
 - Regulations
- Key trends:
 - Regulatory burdens / environmental concerns
 - Cyber
 - Coal plant closures
 - Aging infrastructure / Asset Management
 - Transmission reliability



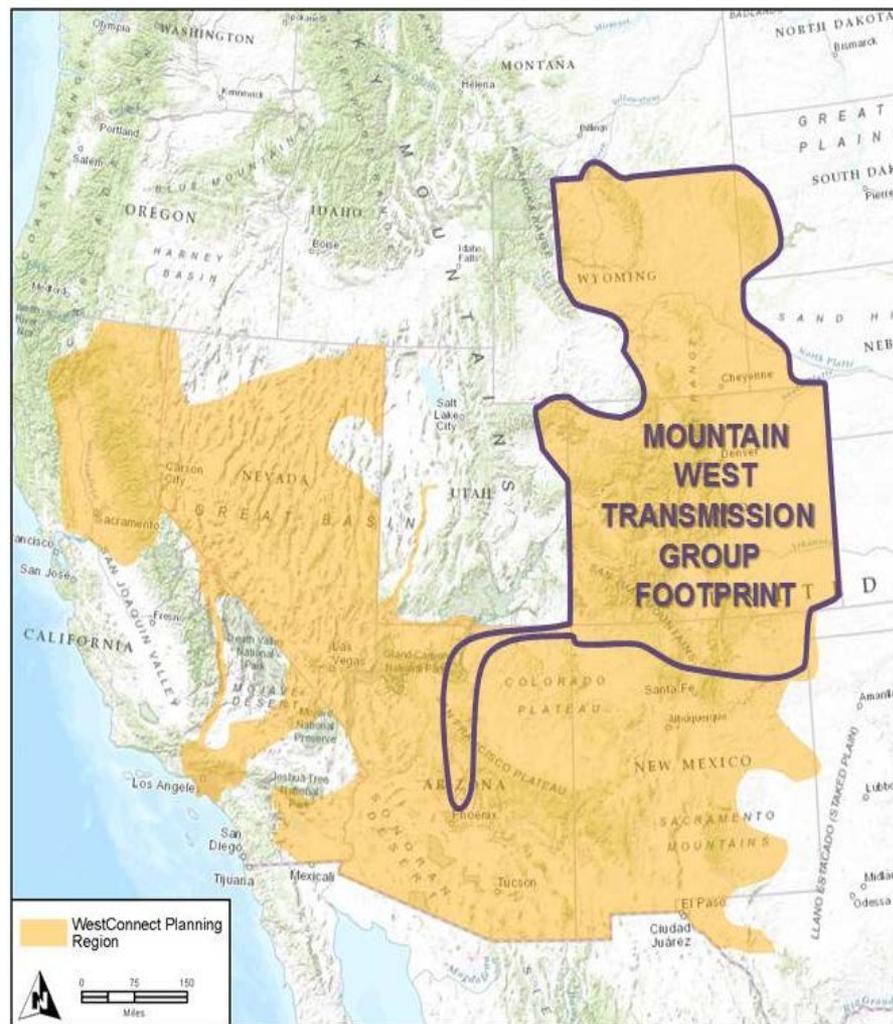
Joining Southwest Power Pool

- Joined SPP October 1, 2015
- SPP provides greater flexibility
Creates more options for buying and selling
- Reduces constraints in delivering power
- Helps keep costs low for customers
- Alternate Operations Study \$11.5 M net benefits predicted initial year savings/cost avoidance
- Savings estimated to be greater than the AOS



MWTG

- Goal – Create a single multi-company transmission tariff and explore “Day 2” market alternatives
- MWTG TSPs include: two IOUs, two municipals; two REA G&Ts; two Federal PMA projects
- MWTG members are a sub-set of the WestConnect planning region members and are members of the Colorado Coordinated Planning Group (CCPG)
- Currently includes seven parties with nine transmission tariffs



Balancing Authority of Northern California

Slide from BANC's presentation at WAPA's June 30 Markets Meeting

Evaluation Status

- Several rounds of benefit and cost analyses are complete
 - Sensitivity runs being initiated (hydro year, price volatility, RPS levels)
- Benefits – gross benefits for all 4 participants & WAPA-SNR
- Costs
 - Implementation costs – in range of prior EIM entities
 - Ongoing costs – high compared to prior EIM entities due to BANC not being one vertically integrated entity
- Still evaluating results to determine if/what scenarios would provide net benefits
- BANC initial decision-making planned for late August
- WAPA-SNR not BANC member and will have separate decision-making process
- If BANC proceeds, most likely looking at 2019 Go Live



BALANCING AUTHORITY OF NORTHERN CALIFORNIA

A JOINT POWERS AUTHORITY BETWEEN

Modesto Irrigation District | City of Redding | City of Roseville | Sacramento Municipal Utility District | City of Shasta Lake | Trinity Public Utility District

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Exploring EIM Alternatives

- DSW exploring and analyzing existing markets and EIM alternatives
- Participation in EIM or alternative must provide value for DSW customers
- Ultimate Objectives: Determine any customer benefits of EIM or potential alternatives
 - Weigh opportunities for market participation
 - Evaluate operational benefits, including renewable integration
 - Provide stakeholders and customers with thorough analysis of all options



Key Take Away

Each region has unique legislation and needs that must be addressed on case-by-case basis.

Customer engagement is critical.



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