Western Regional Partnership: Discussion on Markets

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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

Source: SPP
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
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
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.
Contact

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