

**Dec. 10, 2018 – WAPA Annual Customer Meeting**  
**Roundtable discussions notes**

The 2018 Annual Customer Meeting included a new feature to enable better two-way communication between and among WAPA’s leadership and its customers. Attendees joined two rounds of roundtable discussions about topics that were designed around key areas of customer interest. Below are notes from the discussions at each table.

WAPA will share these notes with its senior executive team and extended leadership team, which include vice presidents, administrative officers and financial managers. We will also share these notes with project teams for their use as they explore possible or ongoing initiatives relating to energy storage partnership markets development, customer communications and cost management.

**Markets and WAPA’s Role**

The majority of roundtable participants believes that markets are the future. One person was not convinced that markets are good, especially since capacity is undervalued. However, reviews were mixed about the benefits of a capacity market. The market, market design and footprint are critical to the success of a market.

Several participants questioned if WAPA would consider joining an energy imbalance market. There was a lot of interest in an EIM, and many believe that an EIM might be a good first step. There was a question if Southwest Power Pool would entertain the idea of operating an EIM in the West.

Many participants discussed their goal of moving toward carbon-free generation and the need for a market to meet this goal. A well-designed market will help with the constraints. The need for a market continues to grow.

A customer said that WAPA should provide regional leadership to move into a market, and that the collective utilities need to create a market by design rather than being told what will happen.

There was mixed response to WAPA’s role as a balancing authority provider. Some participants said that WAPA is not the best equipped and does not have the resources to continue to adequately provide BA services. Other participants asked who will provide BA services if WAPA does not.

One comment was made that hydropower is natural to back up variable energy resources but, because of environmental and operational constraints and customer contracts, it would be difficult to pair them together at this time.



## Cost Management

The group was well attended with a mix of small municipalities through large generation and transmission organizations. While discussing cost management challenges facing each organization, some common themes emerged, such as demand for lower energy prices leading to decreased revenue, growing need to reinvest in aging infrastructure and the increasing “interconnectedness” of the grid driving rapid upgrades to the bulk electric system. Some unique challenges were also noted such as state legislative goals, particularly in California.

To deal with the challenges, many organizations involved in the discussion have been proactive and had success with a wide range of cost-management techniques. Some noteworthy items included:

- More flexible staffing approaches leading to lower labor costs, including sharing labor across plants/regions/functions and outsourcing specialized skills on an as-needed basis.
- Organizational structure changes/consolidations delivering more efficient planning for common solutions to common challenges.
- Deploying well-defined information technology and transmission system asset management strategies to increase predictability of costs over time.
- Using a strategic roadmap to prioritize investments and make tough decisions on what not to do.
- “Socializing” costs in a market footprint so that the parties that benefit pay more.

Participants also noted that more can and will need to be done to deal with our rapidly changing industry. Some have been thinking about staff reductions, battery storage as a means to reduce transmission costs and increasing investment planning through asset management.



## Customer Communication

Roundtable participants made a number of valuable observations both generally and in relation to the regions with whom they most interact.

Relating to financial considerations, some participants felt that moving away from capital appropriations is a good thing, as it forces WAPA to work with customers on needed funding. Customers will be able to influence WAPA's capital efforts if they need to secure funding from the regions.

Regarding communication within various regions, participants made several observations:

- Dialogue between WAPA and customers in Upper Great Plains has always been excellent. If information is needed from WAPA and it is not available on the website, they know who to contact to get the information they need.
- Customers in Sierra Nevada are satisfied with WAPA's communications and interactions. There is an appropriate level of outreach and discussions on a number of relevant topics. They like the ability to have smaller meetings to dive in on special topics.
- Uneven communication between Desert Southwest customers and WAPA needs to be improved. The memoranda of understanding and joint planning agreement are being written to address some of the gaps in communications and elements of decision making. They would like assurances that WAPA hears and acknowledges customer perspectives on issues such as costs and desire to be consulted on larger decisions.

Participants were happy with the *Customer Circuit*, *The Source*, and website information that WAPA provides. It is almost too much communication but they prefer over-communicating to under-communicating. It is really difficult to keep up with all of the information. *The Source* is an excellent medium to read about and review relevant WAPA information. They use *The Source* to research information as well.

Participants believe the annual WAPA meeting is very informative; however, WAPA should consider having four or five smaller meetings with each one focused on a region. This way, the content can be tailored to each region's focus and concerns. The one-WAPA approach is not always the most effective, as some issues are local. Regional customer meetings may increase customer participation as travel costs are always a concern.

Participants also offered that WAPA should consider a class or event that on-boards new CEOs from their customer base. This would give WAPA the opportunity to provide the information it feels is relevant to customer CEOs. Participants suggested WAPA consider a web portal and login for CEOs and specific individuals that contain information on WAPA's organizational structure and points of contact for different programs. Customers often need more detailed information and are unsure who to contact.



## Renewables and Energy Storage

Roundtable participants discussed several perspectives and considerations relating to renewables and energy storage. Many felt that one size doesn't fit all and the approach needs to be tailored to the region. Participants felt more that WAPA could potentially help in some sort of facilitation role, but noted that WAPA should focus primarily on its core mission and be careful not to let costs associated with other activities become the repayment responsibility of customers that do not benefit from those activities.

Participants discussed the current and future state of renewables and energy storage for their states and throughout WAPA's footprint. Some states have few mandates, while there are some cities and utilities with specific goals. For example, San Diego is targeting to be carbon-free by 2050; and Platte River Power Authority has a goal to be 100-percent carbon free. There are regional differences and different approaches. It is important whether large hydropower is counted as a renewable energy source, and most participants felt strongly that it should be.

Most participants noted the importance of energy storage in reaching targets, noting the reliability consequences without storage. Energy storage would also help with the operational challenges of renewables and the corresponding cost impacts, such as the expense of curtailing wind generation. Cost causation is an important consideration, as are costs and market impacts. The group discussed the offsetting benefits and penetration of renewable resources. Relating to technical considerations and operations, participants discussed hourly scheduling, dispatchable wind, constrained regulation in some of WAPA's balancing areas and the transmission requirements.

There was discussion about the financial and market considerations, tax incentives for storage, the possibility of decoupling from the associated generating renewable resource and the types of technology for resources.

The participants also discussed WAPA's role and indicated interest in exploring opportunities for partnership with WAPA and the approach of facilitation versus partnership. Some voiced concern that WAPA focus on its core mission and others were interested in exploring partnerships.

