Engaging in a world of change

Utah Associated Municipal Power Systems annual meeting
August 18, 2020 | Virtual meeting

Mark A. Gabriel
Administrator and CEO
Engaging in a world of change
2020 accomplishments

- **Common SCADA platform**
- **State fact sheets and stat appendix**
- **Top safety performance**
- **Progress on workload planning**
- **New Leadership Development Program**
- **Fiber report finished**
- **Exploring battery storage with BOR**
- **Transmission vision moving ahead**

- **Integrated Communications Group**
  - **WEIS/EIM on track**
  - **Began consolidated CRSP and DSW t-line rates initiative**
  - **Planning for Craig plant retirement**
  - **Four new Asset Management categories**

- **T-line and substation projects on track**
- **Received a clean audit**
- **Joined NWPP Reserve Sharing Agreement**
- **Leading DSW markets study**
Challenges in the energy frontier

• Aging infrastructure
• Increased regulation
• Intermittent resources
• Varying hydropower production
• More customer-side resources
• Changing markets
• Security
Change is upon us

NEW HISTORICAL WIND PEAK
18,343 MW
11:13 P.M. | JULY 17, 2020

SPP Southwest Power Pool
Carbon/capacity conflict

• Demand for new power sources will outstrip capacity
• Demand for clean energy will outstrip the capacity
• Public perception contrasts with the reality of the system
• Renewables are being promoted as the only answer
• Cost of renewables creates financial challenges
Value of hydropower

Renewable

Emissions-free

Resilient

Reliable

Affordable

Black-start capable
Challenge for transmission

• Closure of traditional generation out of sync with transmission buildout

• Not a financial, permitting or process challenge

• No one willing or able to sign long-term contracts due to market uncertainty
Shared integrated grid
Transmission vision and strategy
Why are we joining EIS/EIM

• Change in generation mix
• Shortage of electric capacity
• Reduced bilateral trading partners
• Price volatility
• Increasingly dynamic system
WAPA’s position on markets

• No “one-size-fits-all” solution
• Stay strategic, proactive and aligned with our mission
• Create best possible outcome for our customers and WAPA
BPS Executive Order

- Prohibitions against certain equipment suppliers
- Pre-qualify equipment suppliers
- Evaluate current equipment
- Establish procurement policy taskforce
Coronavirus response

- Objective: Ensure continued mission success and protect employees
- Maximized telework
- Social distancing plans in place for Ops & Maintenance
- Collaborating with federal, state & local entities
- No visitors to WAPA facilities
- Starting Responsible Workplace Re-entry
  - Mission-critical travel & training only
Continuous Process Improvement

CPI projects: $3,386,760
  ex: DSW Purchase Power and Transmission Invoicing

WAPA Strategic Initiatives: $46,564,812
  ex: OCF0 Automated Self-Service Invoicing Tool

Just Do It projects: $60,189,838
  ex: CRSP North Fork to Rifle Steel Lattice Structure Repair

Operational Effectiveness Improvements
  ex: Power System Change Management

WAPA cost savings and avoidance: $110,141,410 as of March 31, 2020
Combined transmission service rate

- Includes CRSP & DSW transmission projects
- Beginning of collaborative process with customers
- Part of continuous improvement and increasing efficiency
Common SCADA

- Does not equal one SCADA across WAPA
- OSI vendor selected
- Expected benefits
  - Improve operational flexibility
  - Increase reliability
  - Avoid future support and administrative costs due to cross training and supporting multiple contracts

**Project timeline**

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<td>Evaluation of products</td>
<td>Selection and procurement of product</td>
<td>Sierra Nevada implementation</td>
<td>Upper Great Plains implementation</td>
<td>Desert Southwest and Rocky Mountain implementation</td>
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Wildfire prevention & mitigation

- Reviewing vegetation management programs
- Working with landowners & other agencies
- Participating in utility committees
- Active role on ESCC wildfire committee
AM Almanac

• Protecting Assets in World of Change
• Support informed and strategic decision making
• Provides info on WAPA’s assets, performance data and trends
AM Almanac

WARE RESULTS: POSSIBLE FUTURE INVESTMENT NEEDS

Possible Transformer Investment: 10-Year Outlook: 2019 – 2028

- CRSP MC: $14.7M
- DSW: $8.4M
- RM: $5.3M
- SN: $0
- UGP: $38.6M

Commentary: The WARE tool projects asset replacement using current health and risk data for the current year, but only uses age data to extrapolate to future years. Mitigation options for assets that fall outside thresholds may include asset investment, replacement, additional maintenance or accepting the risk.

Possible Circuit Breaker Investment: 10-Year Outlook: 2019 – 2028

- CRSP MC: $11.7M
- DSW: $5.5M
- RM: $6.8M
- SN: $16.4M
- UGP: $6.4M

Commentary: The WARE tool projects asset replacement using current health and risk data for the current year, but only uses age data to extrapolate to future years. Mitigation options for assets that fall outside thresholds may include asset investment, replacement, additional maintenance or accepting the risk.
Personnel changes

• Deputy Secretary of Energy Mark Menezes
• New Senior VP and CFO Michael Peterson
• Steve Johnson departed Aug. 14
• Senior VP and CRSP Manager Tim Vigil
• Senior VP and DSW Regional Manager Tracey LeBeau
• Acting Senior VP and CAO Jennifer Rodgers
Key takeaways

We are committed to delivering on our mission. Industry is changing at a rapid pace, and we must keep up. Focus on optimizing existing technologies & assets.
Contact/follow me

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