

# WAPA's position on markets and industry trends

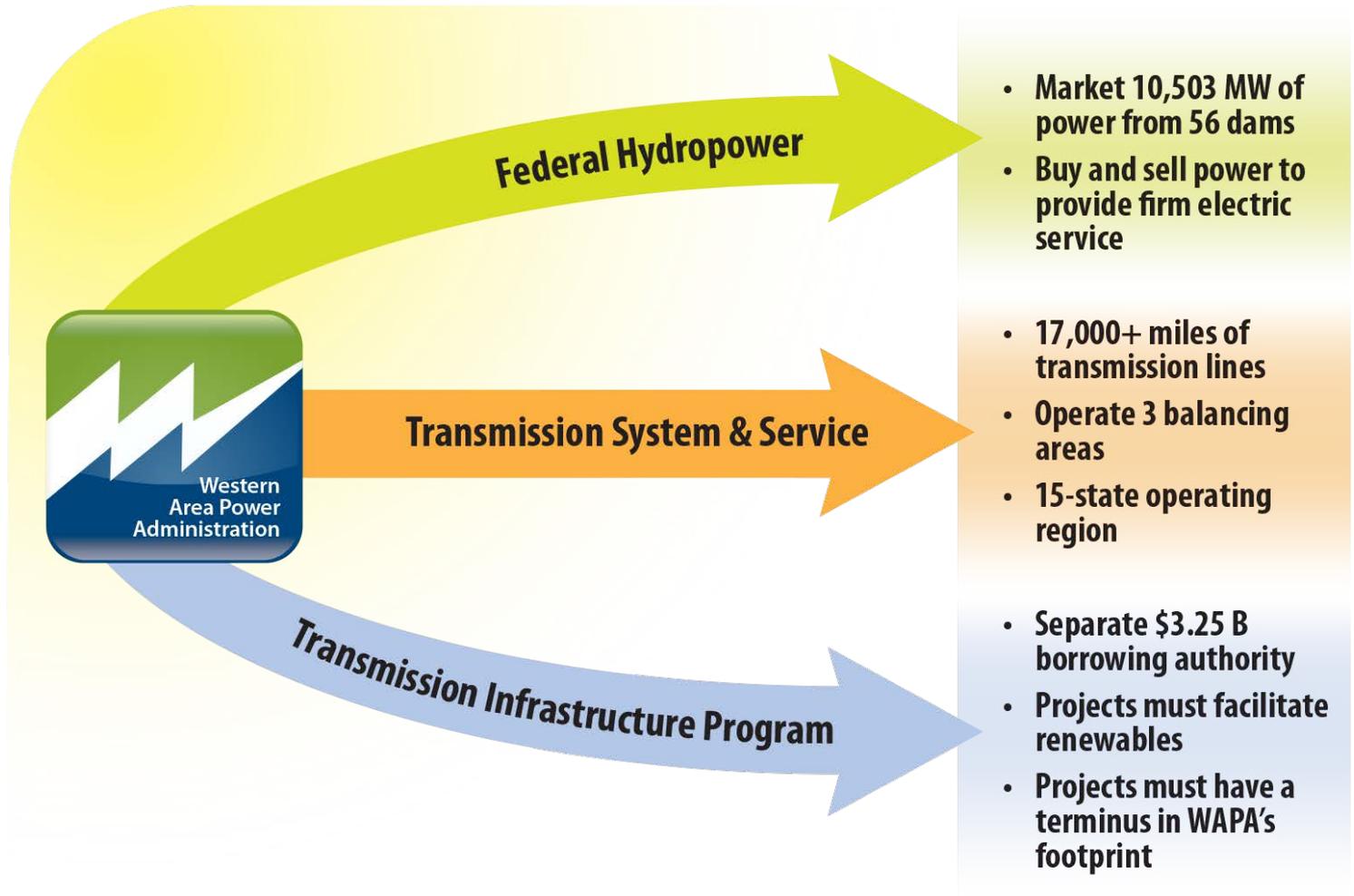
North Iowa Municipal Electric Cooperative Association

August 11, 2017 | Okoboji, Iowa

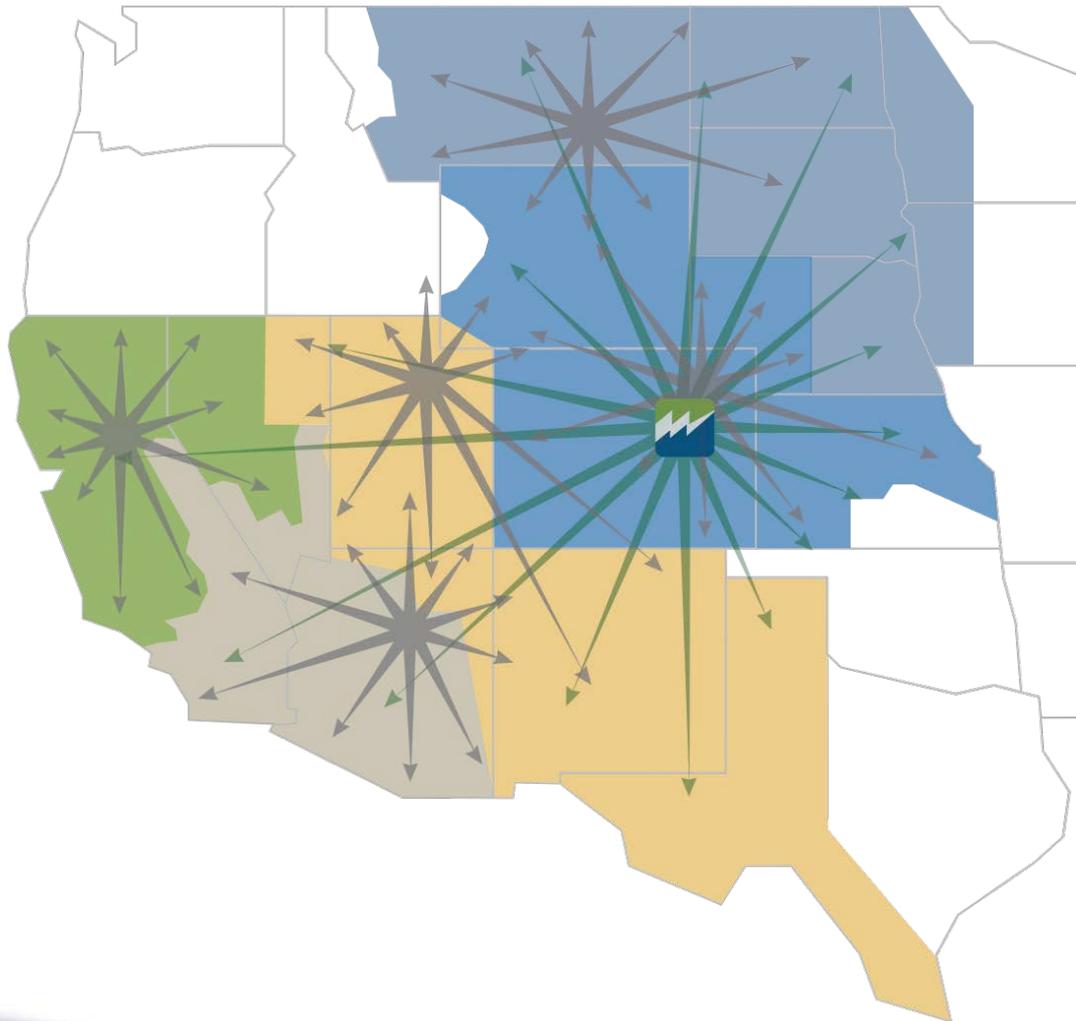
Mark A. Gabriel  
Administrator and CEO



# WAPA: Who we are



# WAPA: Where we are

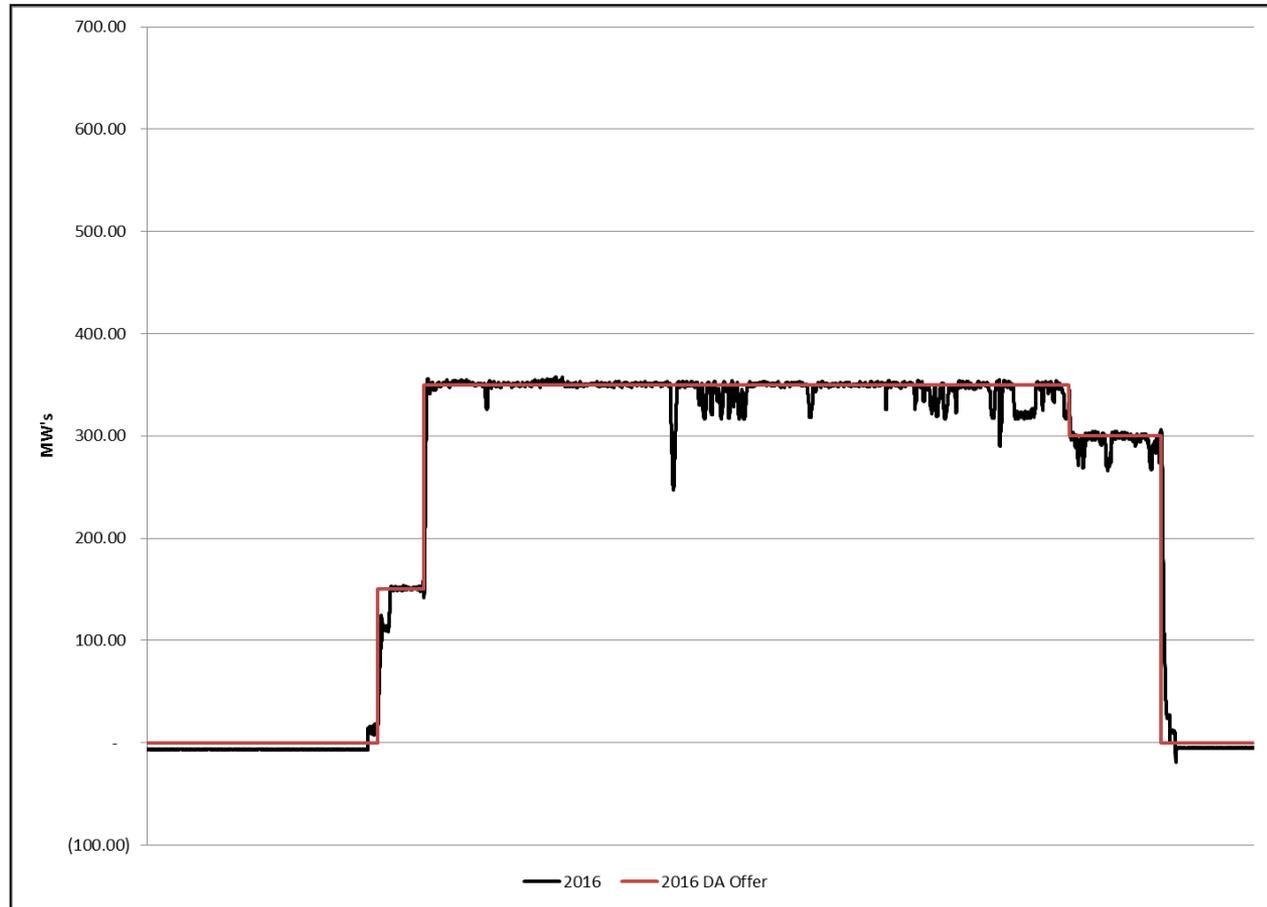


# Change is upon us



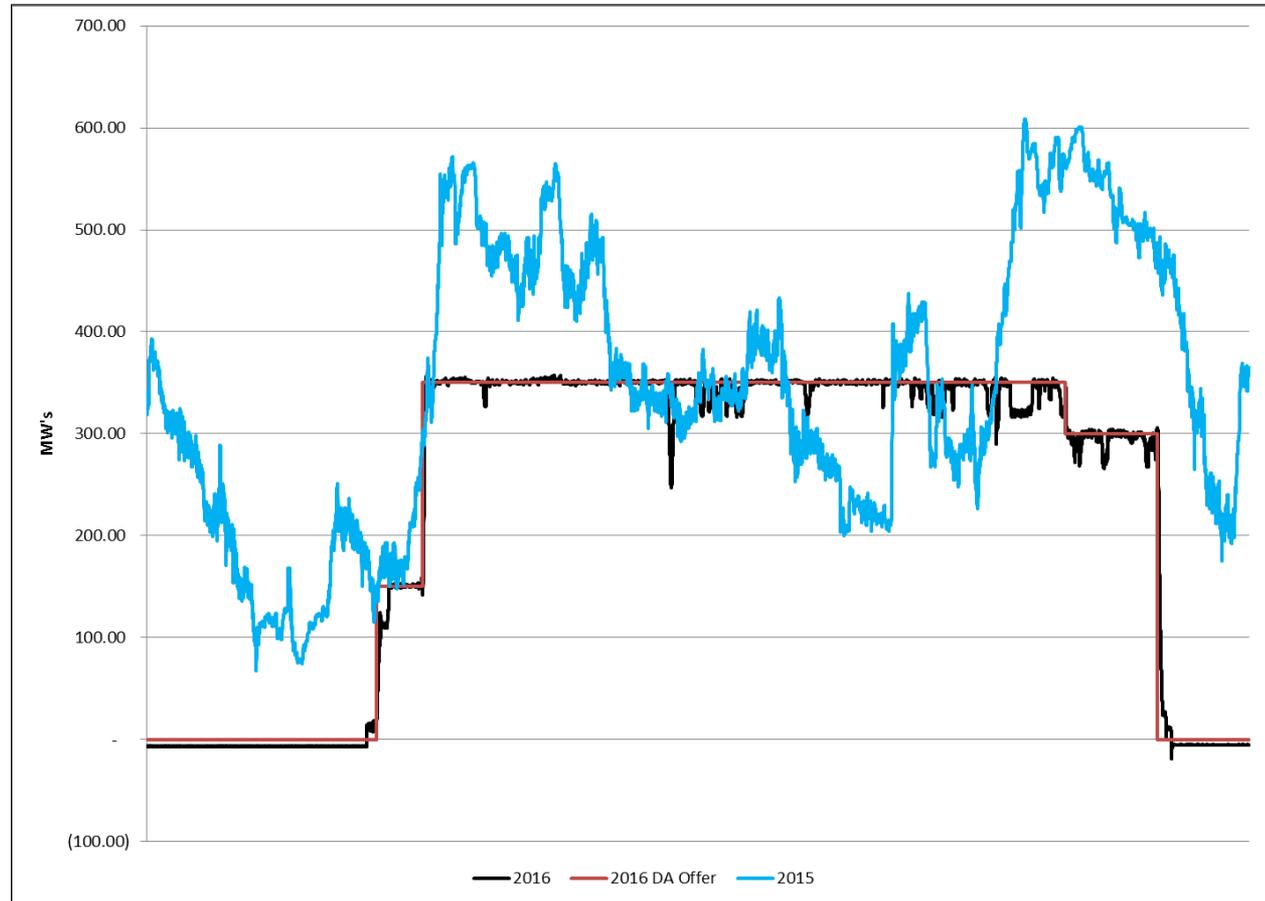
# Change is upon us

Oahe Generation: Actuals  
April 9, 2016 (4-second data)



# Change is upon us

Oahe Generation: Actuals  
2015 v. 2016



# Making market decisions

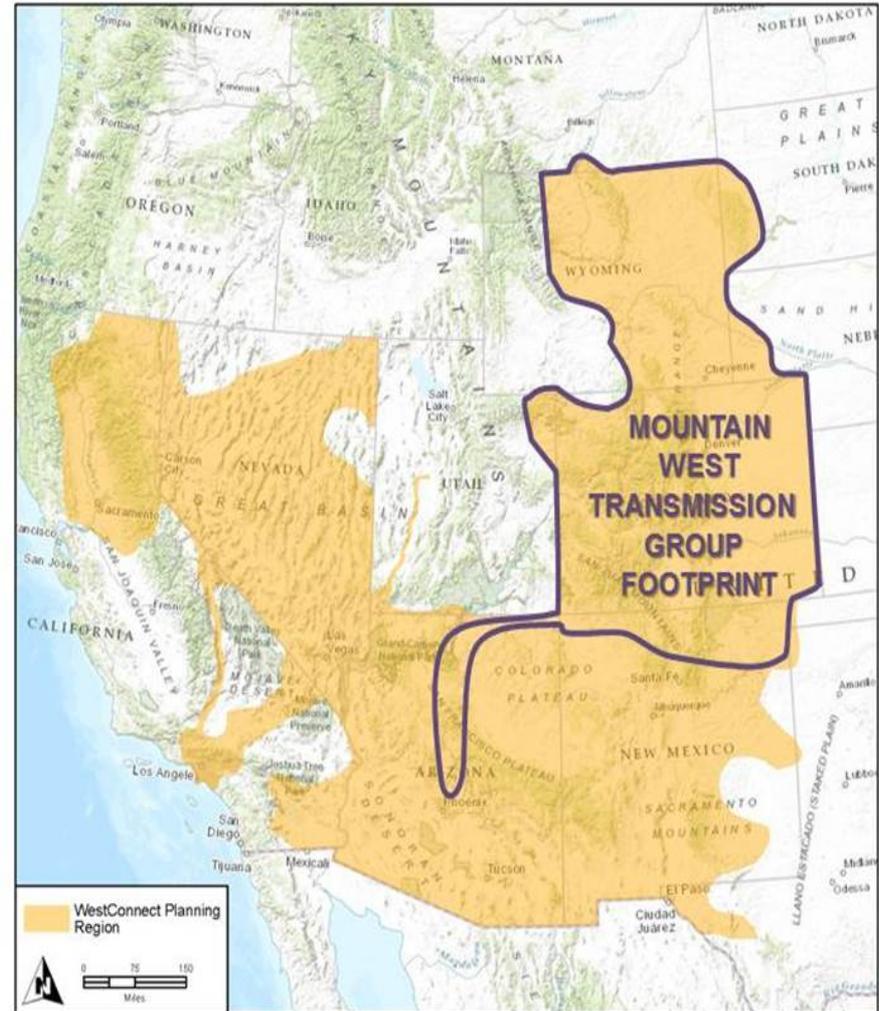
- Have studied RTO participation since 1990s
- Began evaluating SPP in 2011
  - Examined three options
  - Six criteria across each option and risk
    - Trade benefit
    - Administrative costs
    - Transmission expansion
    - Capacity benefits
    - IS transmission revenue
    - Drive out impacts



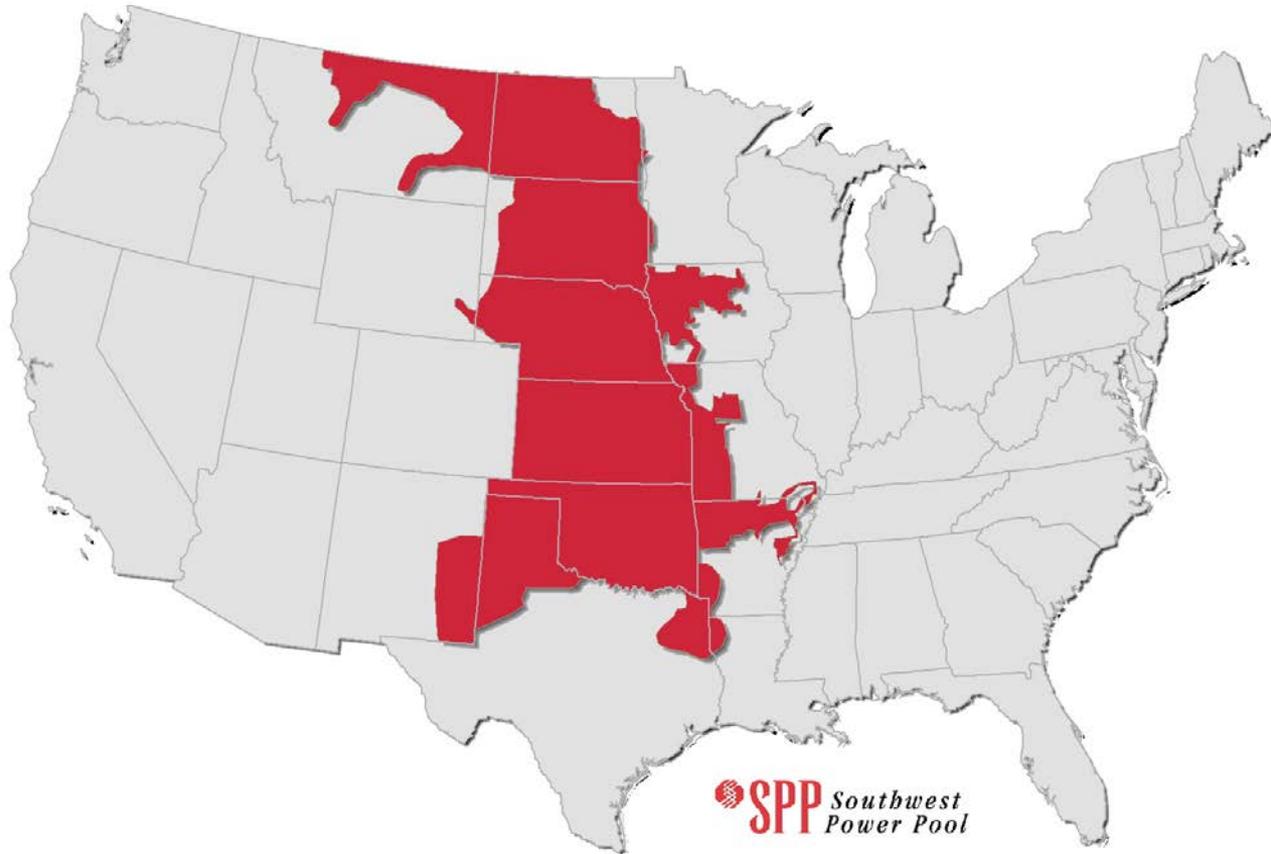
- Joining offered the least risk and most benefit to customers
- Same matrix resulted in decision NOT to join CAISO (2015)

# Mountain West

- Formed 2013
- Evaluating options
- Announced decision to pursue talks with SPP
- Making decision within 60 days
- If applicable, market implementation 2019



# Southwest Power Pool



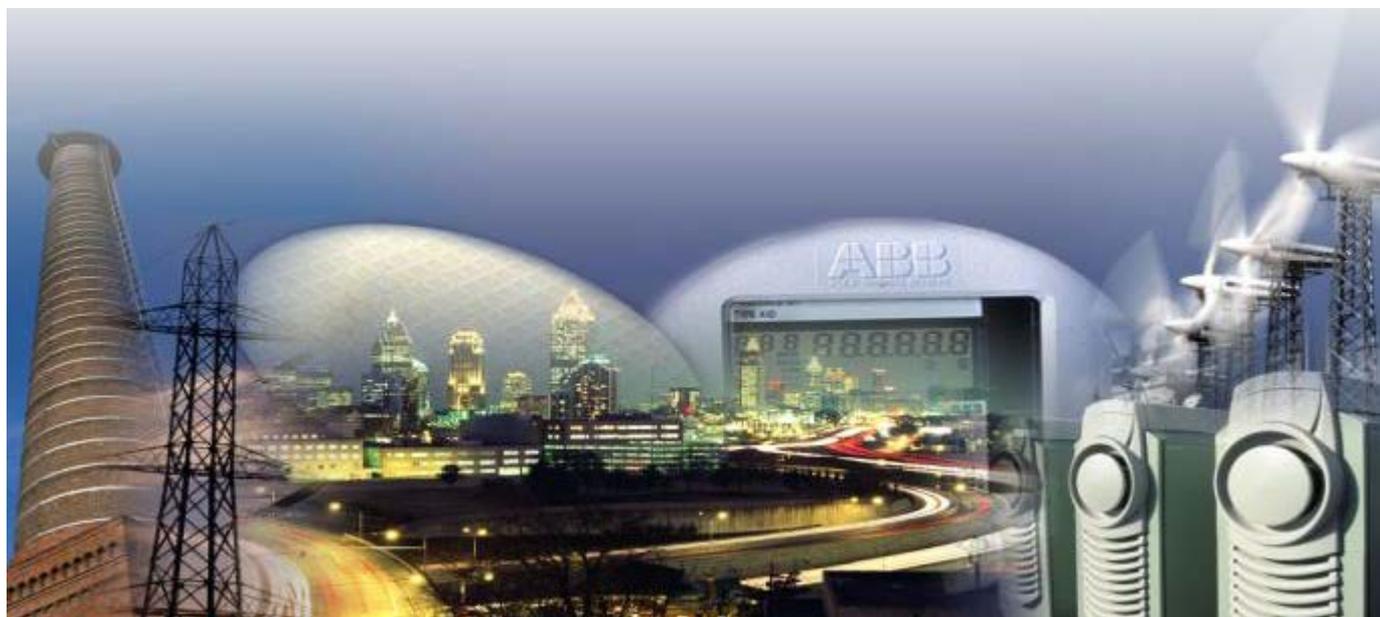
# Change brings challenges

- Aging infrastructure
- Increased regulation
- Intermittent resources
- Decreased hydro production
- More customer-side resources
- Changing markets
- Security



# Fundamental change

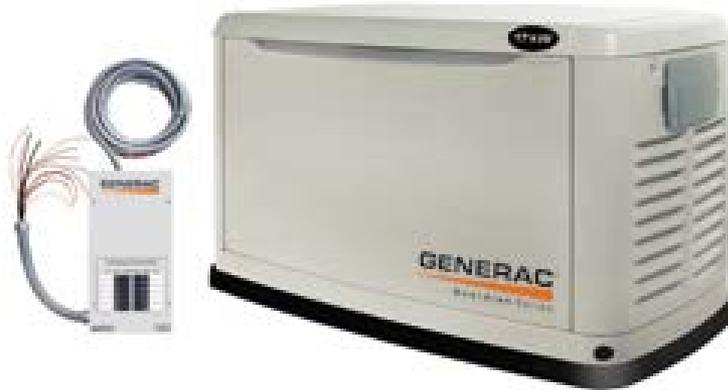
The challenge for the utility of today is not only what is real but what is perceived as real.



# Home tech drives benefits

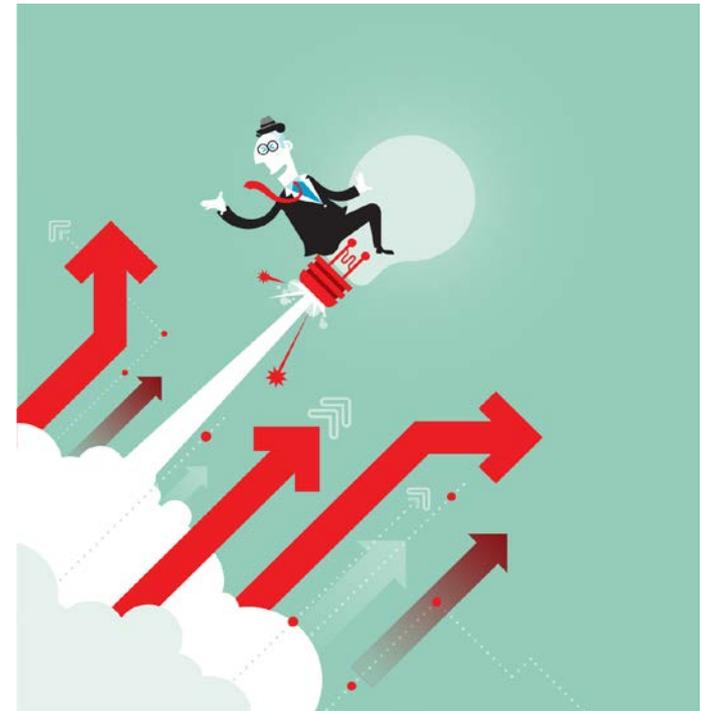
4.92 billion wireless devices globally / 66% penetration

Source: Hootsuite, January 2017



# Radical thoughts ...

- kWh is dead
- All-you-can-eat electricity
- Time-of-purchase rates NOT time-of-use rates
- Flexing your distribution system with customers
- Utility is the network provider

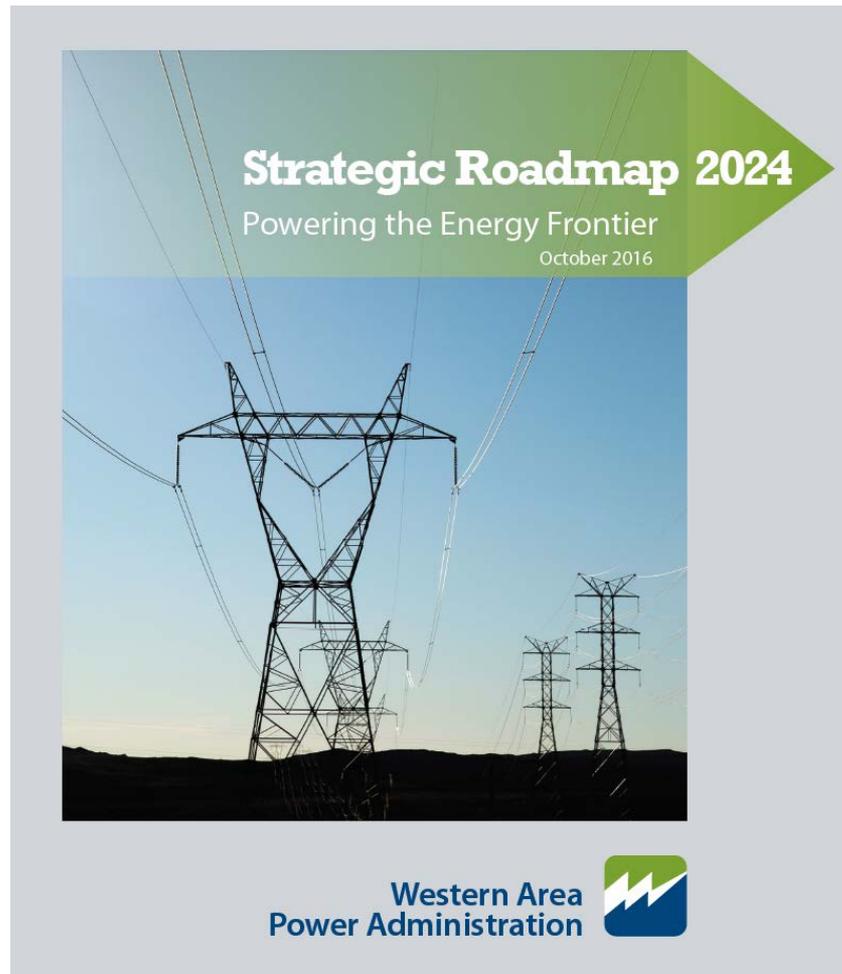


# Economic challenge

How can we manage in a  
Twitter–centric world?



# What are we doing about it?



# Shift in strategic thinking

- Broader perspective
- Data-driven decisions
- Industry impacts to customers

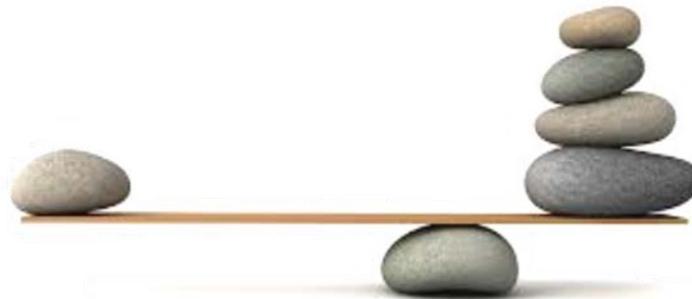


# Lifecycle considerations

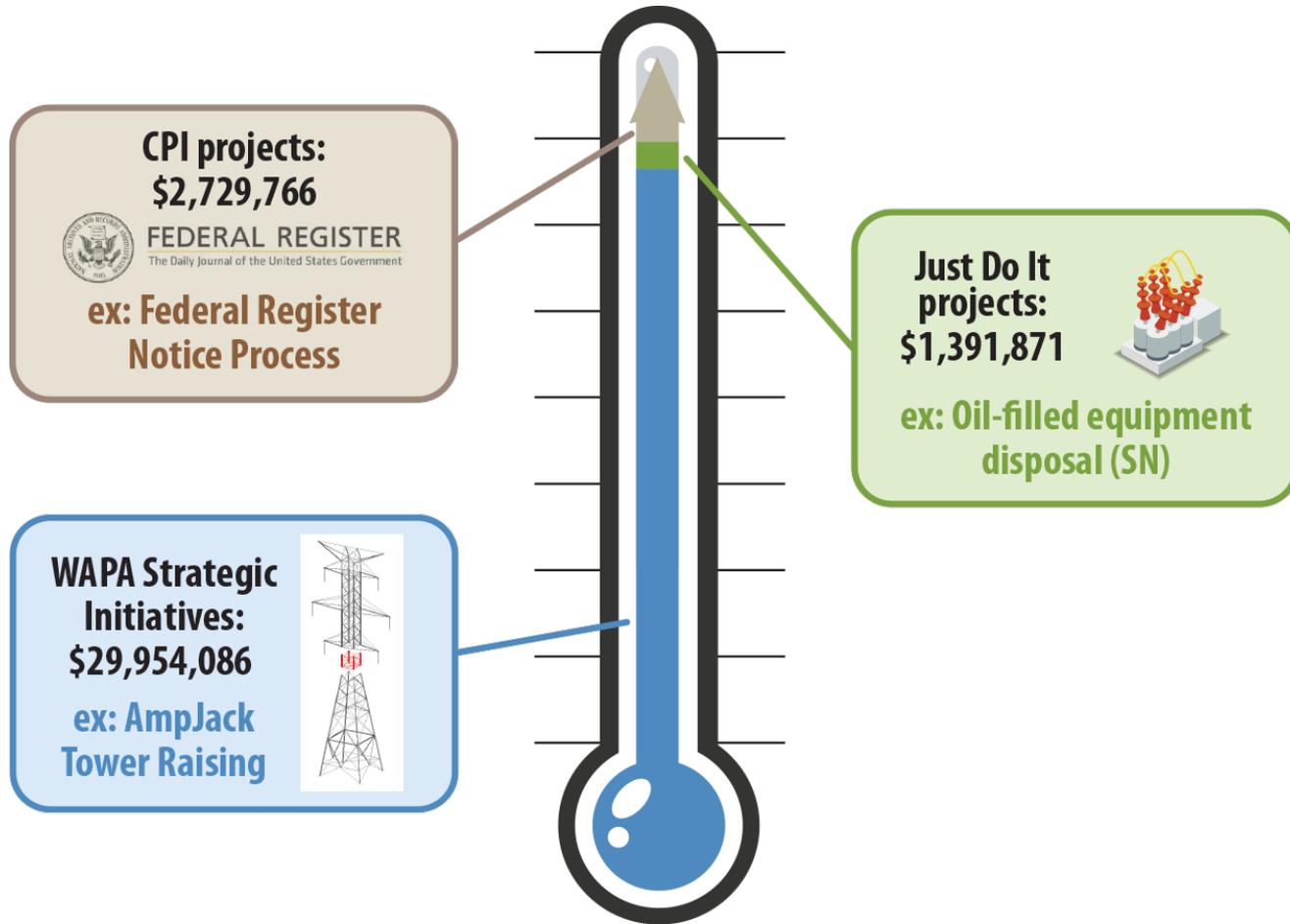


# Increasing requirements

- Investments in Security
- NERC requirements
  - CIP version 5
  - Audits, mock audits
  - Alerts
  - Standards
  - FAC-003 & FAC-008
  - NATF peer reviews
- FITARA
- FISMA modernization
- OMB Circular A130
- New endangered species
- DHS binding operational directives
- OSHA requirements
  - Fall Protection 100% attachment
  - Transient over-voltage compliance
- Formalized grounding cable procedures
- GPR monitor for t-lines



# Cost containment



**Total WAPA Cost Savings and Avoidance: \$34,075,723 as of March 31, 2017**

# Key takeaways

*Focus on value and business excellence.  
Be aware of industry trends and changes.  
Continue delivering on mission.*



# Contact/follow me

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