



Western
Area Power
Administration

Arizona Tribal Energy Association Annual Meeting

Steve Johnson – SVP and CRSP Manager

February 20, 2020

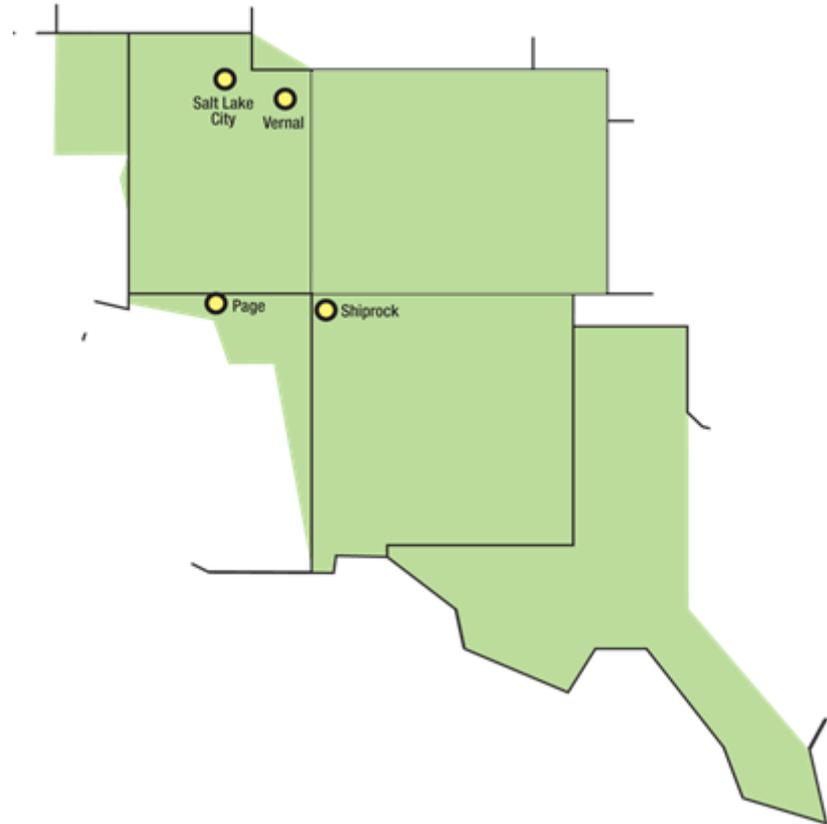
Phoenix, Arizona

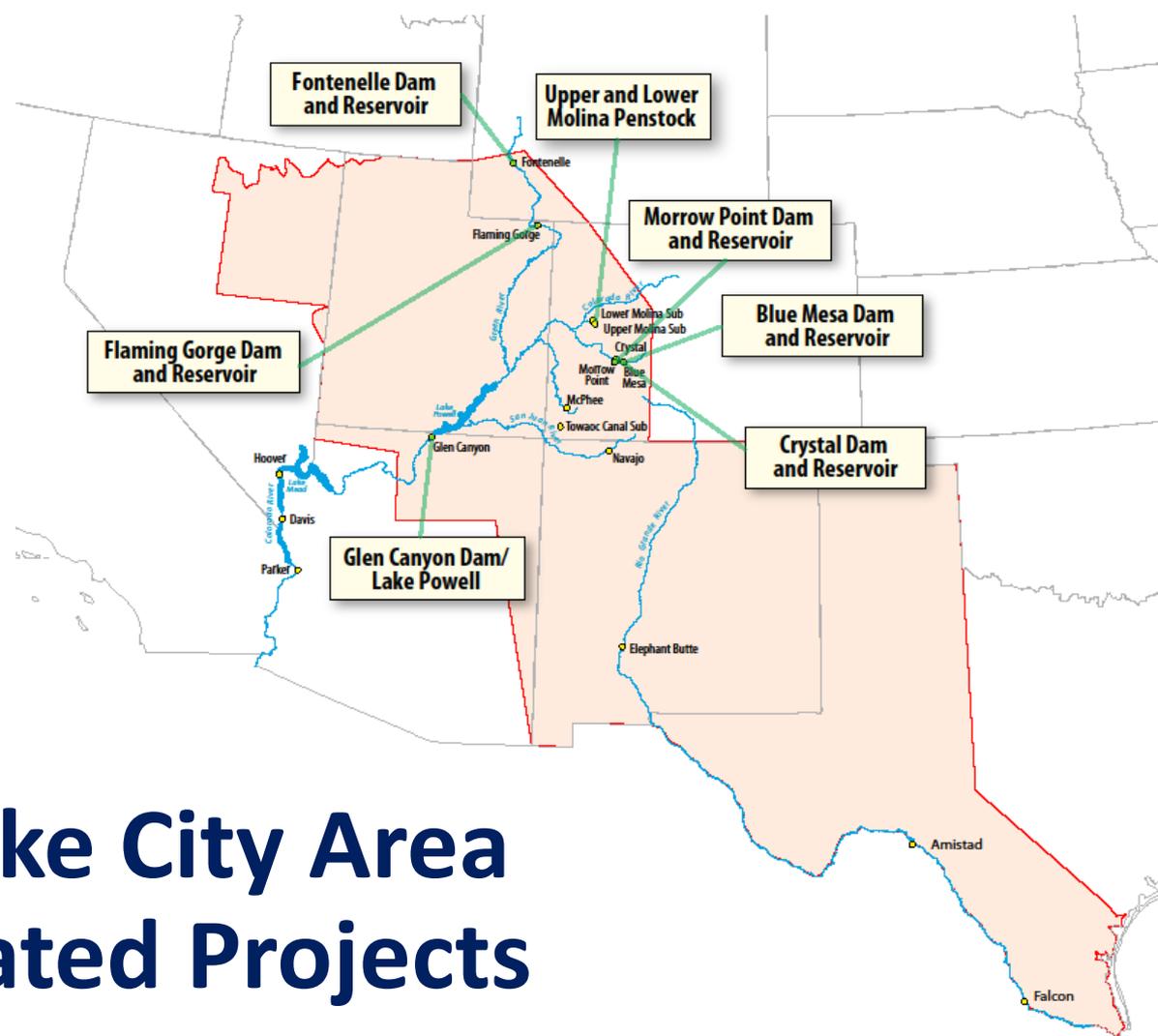


CRSP Management Center

Projects:

- Salt Lake City Area/
Integrated Projects
 - Colorado River Storage
 - Collbran
 - Dolores
 - Rio Grande
 - Seedskadee
- Provo River
- Olmsted
- Falcon-Amistad



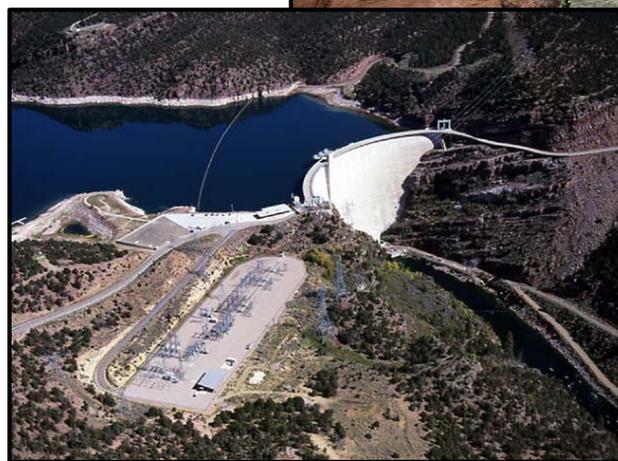
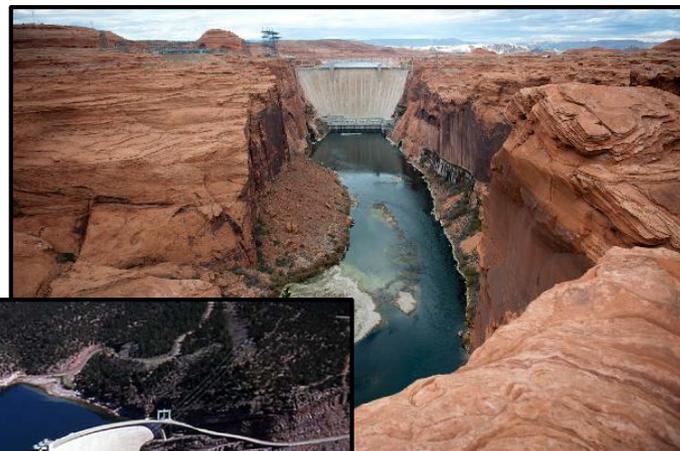


Salt Lake City Area Integrated Projects



Salt Lake City Area Integrated Projects

- 11 power plants
- 24 generating units
- 1,816 MW total installed capacity (73% from Glen Canyon)
- 4,225 GWh Net Generation (74% from Glen Canyon)
- 2,325 circuit miles (Arizona, Colorado, New Mexico, Utah, Wyoming)



CRSP Customers

- 135 long term customers
 - 54 Native American Tribes
 - 64 Municipalities, cooperatives, irrigation districts
 - 17 Other
- Top 5 long-term energy sales customers
 - Tri State Generation and Transmission
 - Utah Associated Municipal Power Systems
 - Platte River Power Authority
 - Deseret Generation and Transmission Cooperative
 - Navajo Tribal Utility Authority





Environment and Cultural Resources

Historically funded by CRSP electric power revenues

- Upper Colorado and San Juan Recovery Programs - \$9.3M
- Glen Canyon Dam Adaptive Management Program - \$10.9M
- Quality of Water & Consumptive Use Studies - \$1.2M
- Experiments and related WAPA Expenses - \$2.7M
- Salinity Control Program – reduce salt in Colorado River water - \$2M

Note: In 2019, CRSP power revenues did not fund the non-reimbursable environmental programs managed by Reclamation



Direction to return cash?



Direction has not changed. However...

“Continuing Appropriations Act, 2020, and Health Extenders Act of 2019”.

SEC. 125. (a) No funds shall be transferred directly from “Department of Energy—Power Marketing Administration—Colorado River Basins Power Marketing Fund, Western Area Power Administration” to the general fund of the Treasury in fiscal year 2019. (b) This section shall become effective immediately upon enactment of this Act.

Last cash return was \$25M to the General Fund of the U.S. Treasury in 2012





FY20 Enacted Language

\$21.4M shall be transferred

“Of the offsetting collections, including unobligated balances of such collections, in the “Department of Energy—Power Marketing Administration—Colorado River Basins Power Marketing Fund, Western Area Power Administration”, \$21,400,000 shall be transferred to the “Department of Interior—Bureau of Reclamation—Upper Colorado River Basin Fund” for the Bureau of Reclamation to carry out environmental stewardship and endangered species recovery efforts.”





Funding Environmental Programs FY22 and beyond

- WAPA and Reclamation recognize the use of non-reimbursable funding as currently structured is not feasible for the long term.
- The Basin Fund will not be sufficient to cover the current level of the program as WAPA's repayment obligation to the Treasury decreases.
- Expending ~\$23M each year is not sustainable from available power revenues and may compromise both Reclamation's and WAPA's ability to maintain and operate a reliable electrical power system and meet contractual obligations.
- Multiple funding sources will need to be identified and in place by October 2022 to support the success of these programs.



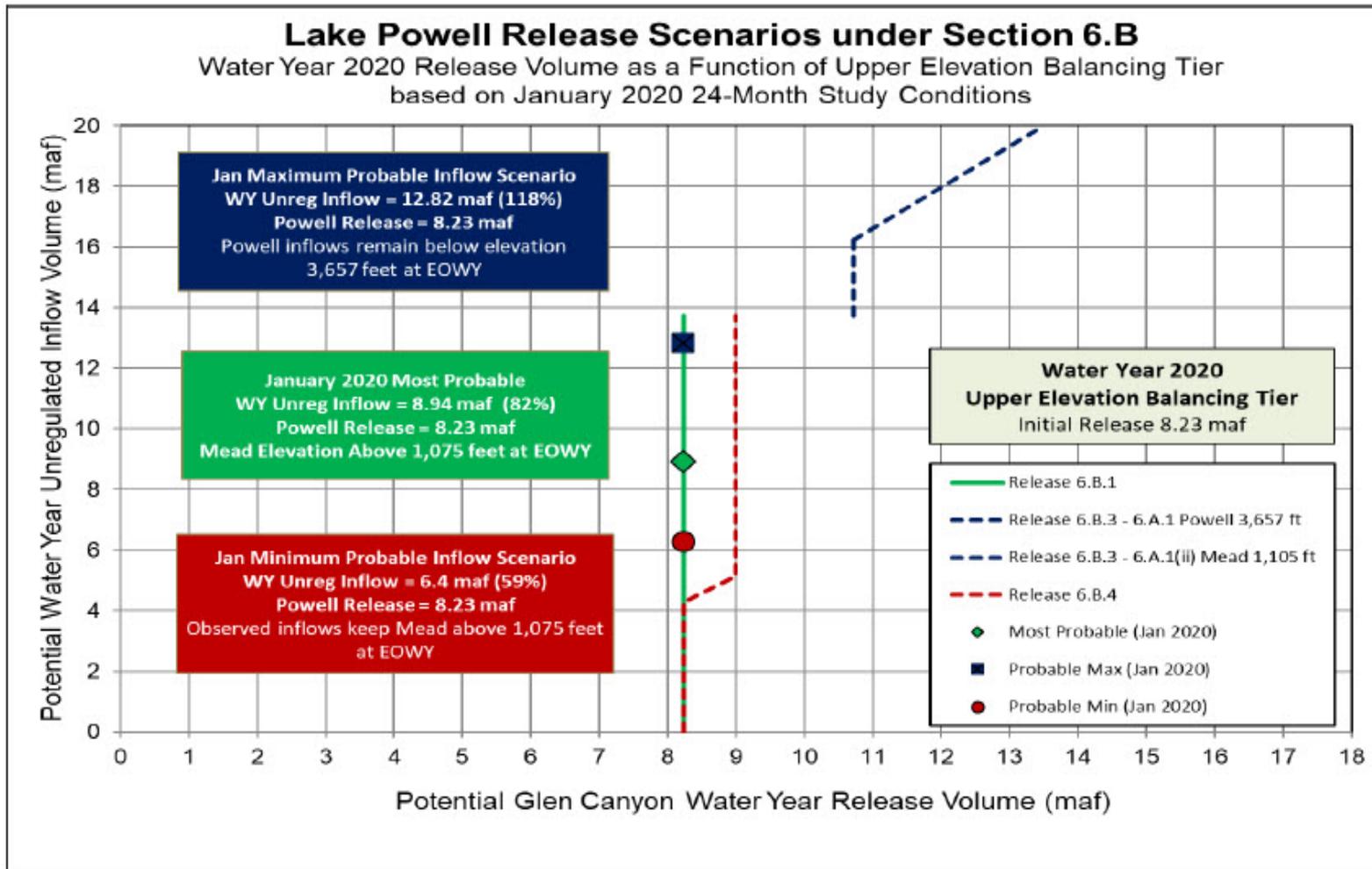
CRSP Basin Fund Status

- Current Balance...\$159M
 - As of 2/19/2020
- Projected FYE 2020 Balance.....\$150M
- CRSP FYE19 target was \$184M
- CRSP FYE 20 target is being finalized ~\$160M

- Projection includes transferring \$21.4M to Reclamation to fund environmental programs
- Projection includes Reclamation transferring \$20M to WAPA from Miscellaneous Revenues



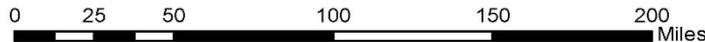
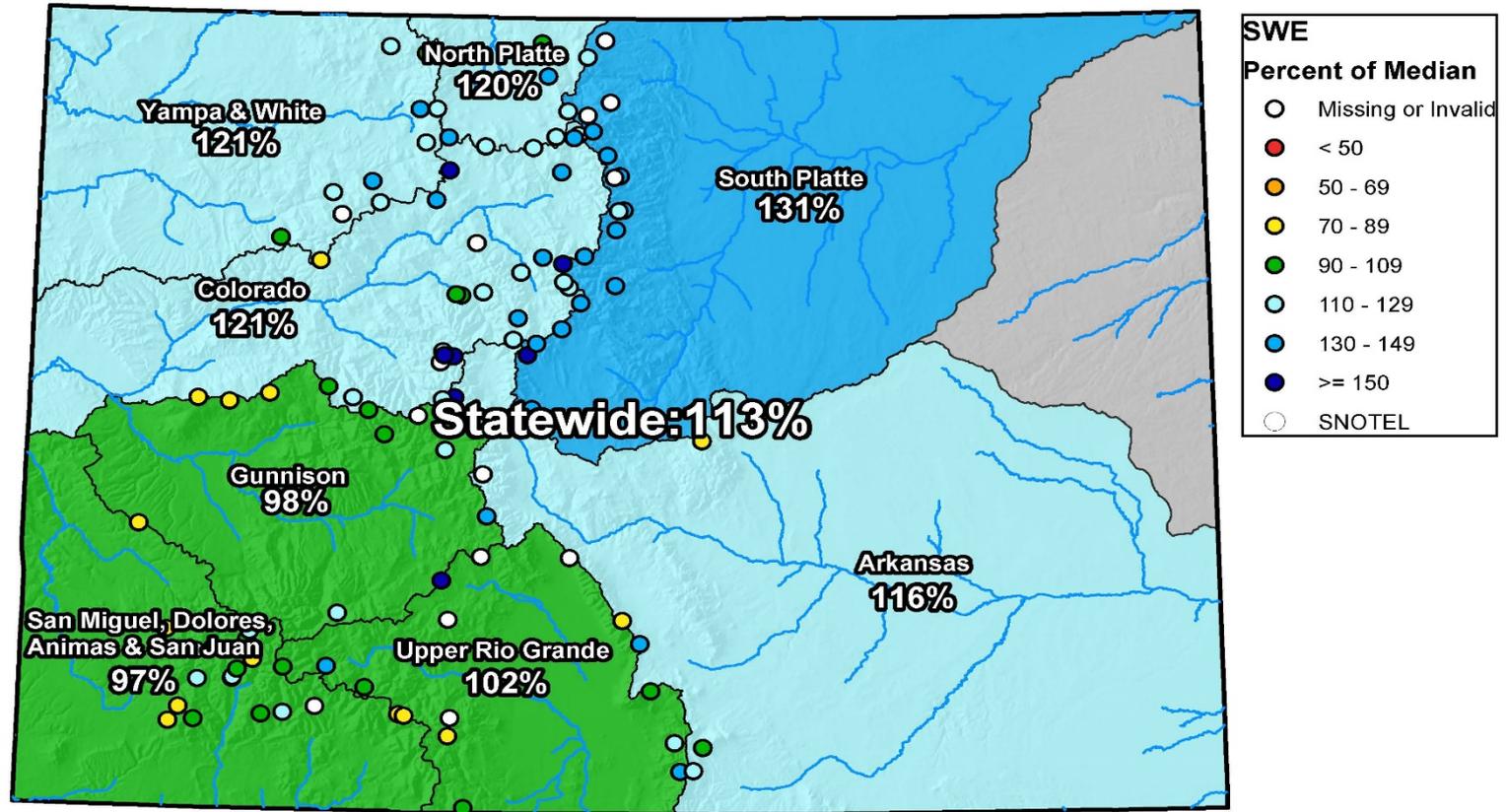
Release Scenarios under Interim Guidelines



Current Snow Conditions

Colorado SNOTEL Snow Water Equivalent (SWE) Update Map with Site Data

Current as of Feb 19, 2020

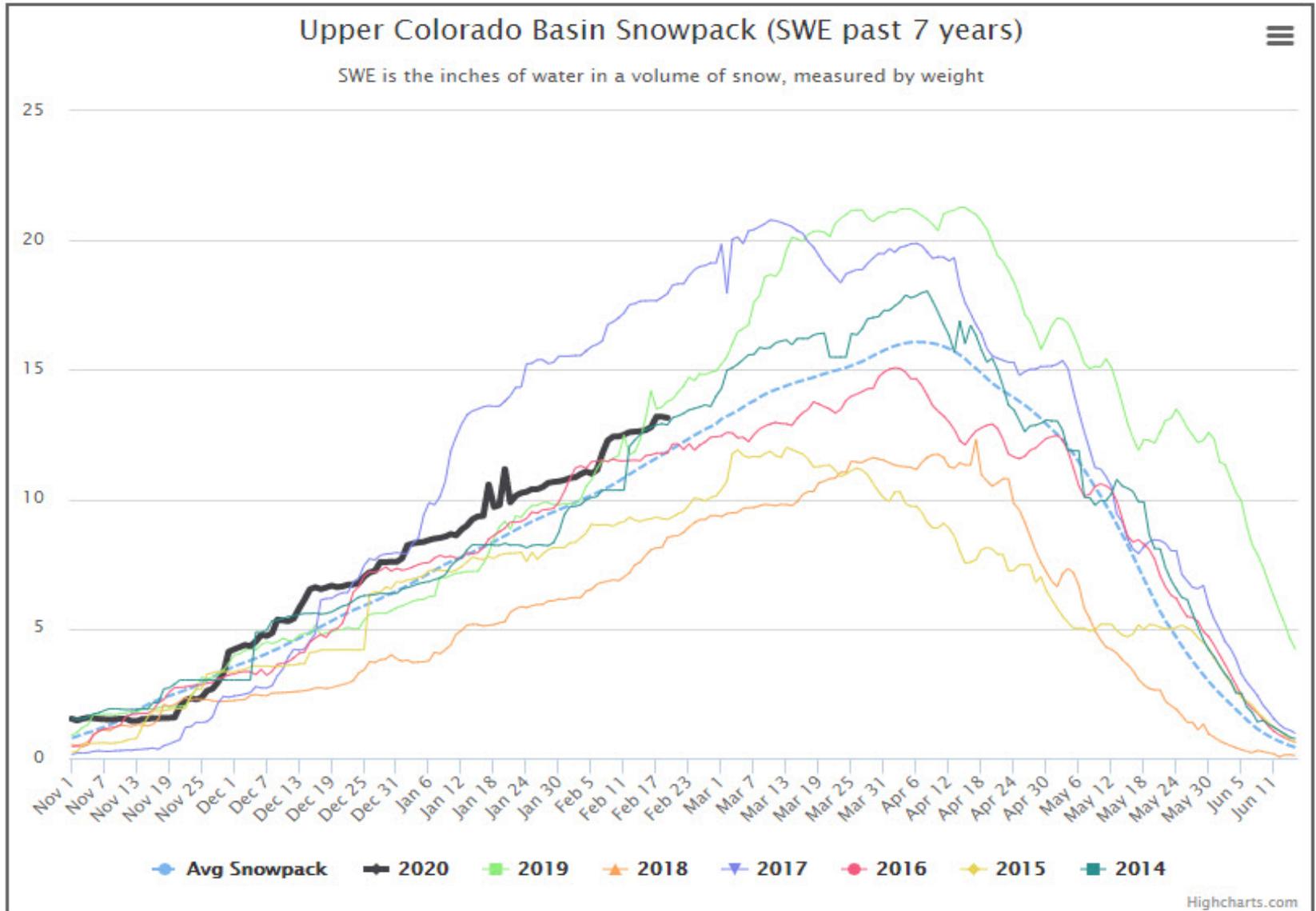


United States Department of Agriculture

Natural Resources Conservation Service

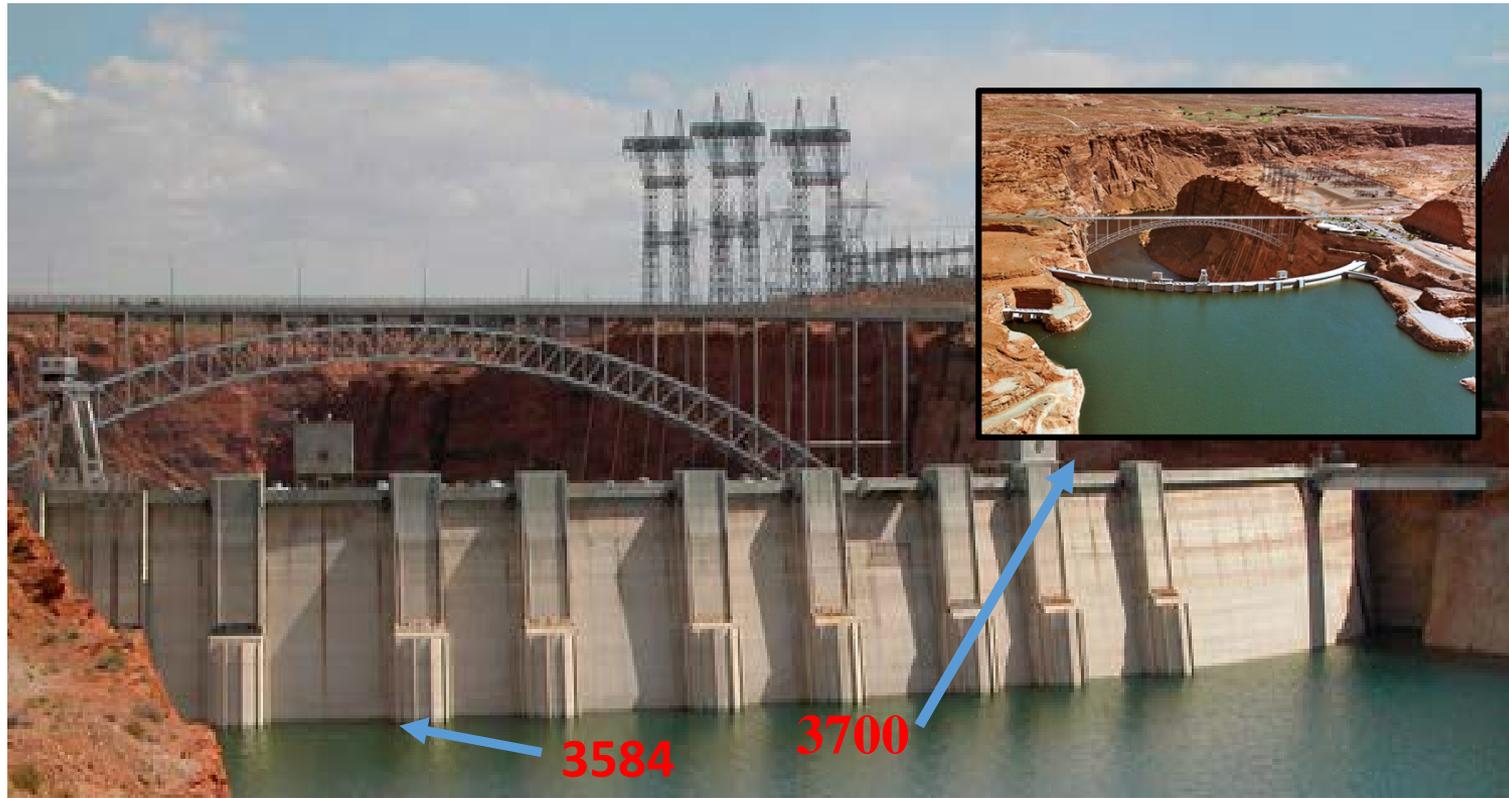


Current Snow Conditions

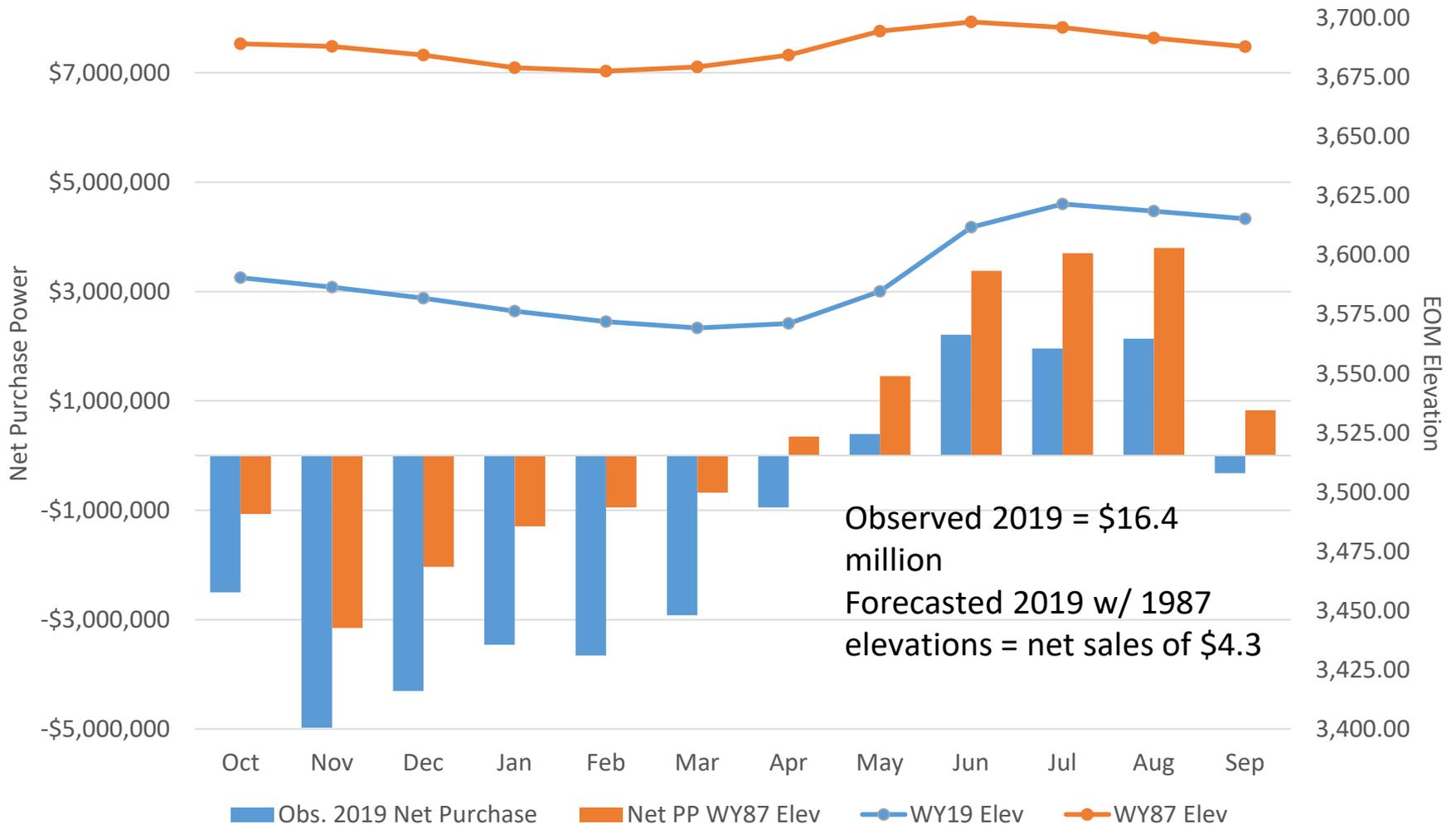


Lake Powell Elevation Affects Power Efficiency:

The efficiency in turning Acre Feet into Megawatt hours



2019 Net Purchase Power vs. Estimated Net Sales with ~Full Reservoir



SLCA/IP 2021 Rate Process

- Rate process, WAPA-190 Federal Register Notice (FRN) addresses proposed adjustments to:
 - the SLCA/IP Firm Power Rate, a potential rate decrease of 4.25% (Based on current data) and...
 - Other adjustments to the CRSP Transmission and Ancillary Services Rates
- Dates:
 - March 12, CRSP-MC will hold the Public Information / Public Comment forums, SLC Wells Fargo 23rd Floor Conference Room
 - Approval of new rates no later than mid-August 2020
 - New rates in effect by October 1, 2020.



Change is upon us

NEW WIND-PENETRATION RECORD

71.3%
AT 3:15 A.M.
FEB. 3, 2020

 **SPP** *Southwest
Power Pool*

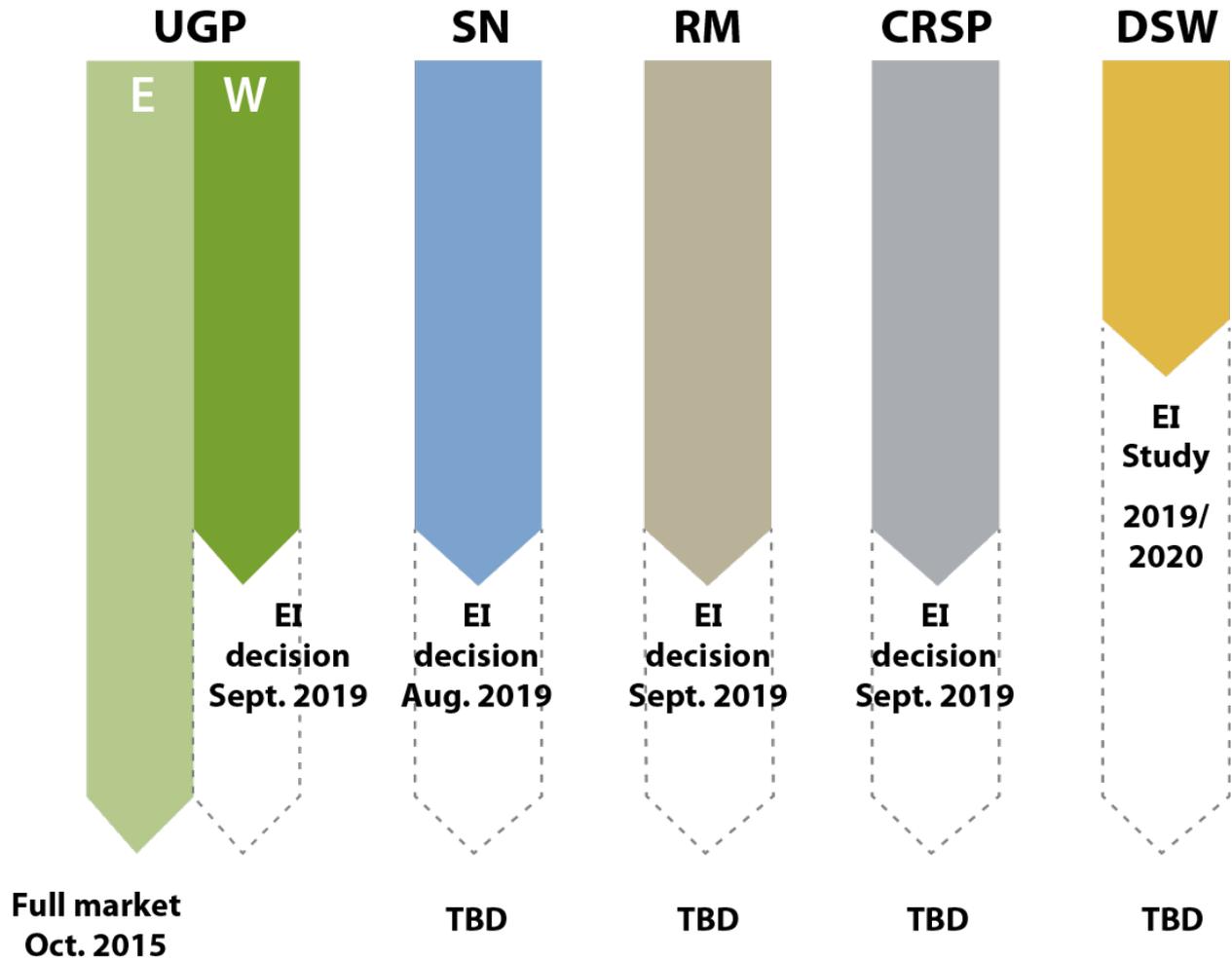


Carbon constraints/capacity conflict

- 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 the only answer
- Cost of renewables creates financial challenges



Market status timeline



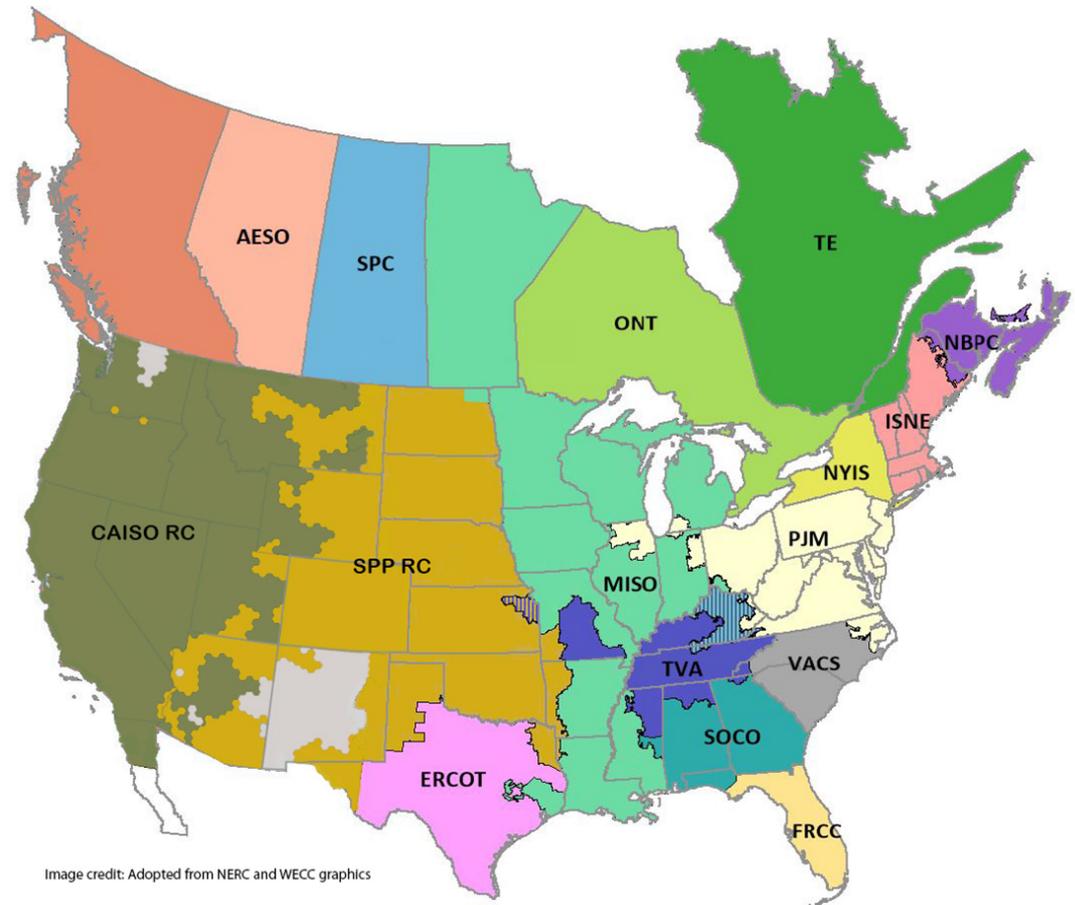
Western Energy Imbalance Service

- Implementation currently underway for February 2021 go live date.
- Western Joint Dispatch Agreements in place for all current participants- MEAN and WMPA became additional participants in December 2019.
- WEIS final tariff voted on Jan. 10, then filed at FERC.



RC transition

- UGP-East – SPP
10/2015
- SN – CAISO 7/2019
- DSW/RM/CRSP/UGP
-West – SPP
12/2019



Commercial Fiber

- Feasibility assessment provided to DOE in December
- Also addresses Rural Broadband Initiative
- Considerations going forward:
 - Right of way limitations
 - Security, physical and cyber
 - Statutory authority
 - Beneficiary pays
 - WAPA's current and future needs



Questions



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