WAPA and DC updates

Tracey A. LeBeau
Administrator and CEO

CREDA Board Meeting
April 7, 2022
**FY 2023 budget request**

- No mention of selling transmission assets or market-based rates.
- Basin Fund decreased $8.6M due to capital transfer of revenue to Treasury.

<table>
<thead>
<tr>
<th>$ in thousands</th>
<th>FY 2021 Enacted</th>
<th>FY 2022 Enacted</th>
<th>FY 2023 Request</th>
<th>Δ FY 2023 to FY 2022 ($)</th>
<th>Δ FY 2023 to FY 2022(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Western Area Power Administration</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction, Rehabilitation, Operation and Maintenance</td>
<td>89,372</td>
<td>90,772</td>
<td>98,732</td>
<td>+9,360</td>
<td>+10%</td>
</tr>
<tr>
<td>Falcon and Amistad</td>
<td>228</td>
<td>228</td>
<td>228</td>
<td>0</td>
<td>+0%</td>
</tr>
<tr>
<td>Colorado River Basins Power Marketing Fund</td>
<td>-21,400</td>
<td>0</td>
<td>-8,568</td>
<td>-8,568</td>
<td>NA</td>
</tr>
<tr>
<td>Transmission Investment Program</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>+0%</td>
</tr>
<tr>
<td><strong>Total, WAPA</strong></td>
<td>68,200</td>
<td>91,000</td>
<td>90,392</td>
<td>-608</td>
<td>-1%</td>
</tr>
</tbody>
</table>
Legislation update

• Bipartisan Infrastructure Law
• Other legislation
• $500M for Purchase Power and Wheeling
  • Plan to restore Basin Fund PPW Reserve need of $85M; rest of funds anticipated to go to CROM.
  • Given forecasts & appropriations authority, we may deplete the CROM reserve balances again in FY 2023 and beyond.
  • Assessing current PPW reserve targets & continuing to work with DOE, OMB & Congress on scoring issue and future solutions.
Continued focus on critical issues

- Markets evaluation, including SPP-RTO West membership.
- Affordable electricity and power rates.
- Enduring drought in Colorado River Basin.
- Constraints on Basin Fund.
Collaborative drought dialogue

• Seeking assistance from the Udall Foundation’s John S. McCain III National Center for Environmental Conflict Resolution to engage with customers on drought.

• Focus on DSW and CRSP, particularly for drought impacts at Glen Canyon, Hoover, Parker and Davis dams.

• **Goal:** Develop structured, consistent conversations with customers to better understand current conditions; customer interests, needs and concerns; and to consider alternatives for the future.
Strategic Plan progress

• SLT met in February to develop themes & long-term results for new strategic plan.
• Elements being vetted by leadership councils and functional area representatives.
• Proposed themes and results expected to be finalized in April.
• Customer, employee and other stakeholder outreach scheduled for May.
COVID-19 and Future of Work

- Re-entry to be completed by week of April 24.
- Pilot project will maximize telework opportunities for employees based on position, performance and desire to work from home.
- Travel and visitor restrictions lifted.
- Visitor requirements and guidance available on wapa.gov’s COVID-19 webpage.
Leadership updates

• Search underway for new Senior VP and CRSP Manager.
  • Rodney Bailey acting manager followed by Adam Arellano for another 120 days.
• Senior VP and DSW Regional Manager Jack Murray, pending OPM approval.
• Senior VP and TIP Manager Paul Schwabe.
• Acting Executive VP and COO Tina Ko from BPA.
• Ron Klinefelter is acting Senior VP and General Counsel.
Tracey A. LeBeau
Administrator and CEO
720.962.7705
lebeau@wapa.gov
CRSP Update

Rodney Bailey
Acting Senior VP and CRSP Manager

CREDA Board Meeting
April 7, 2022
Basin Fund

• Current Balance - $70 million
• End of Year projection - $83 million (not including BIL funding)
• BIL funding projected by June
  • Would offset PPW expenses from January 1 – September 30, 2022.
  • Approximately $40 million
Rate Process

• WAPA-199 expires December 31, 2023
• Customer meetings to discuss PPW options
• CRSP customer meeting – July 13, 2022
  • Review projected rate with work plan and projections
• FRN and begin process late summer/early fall
Proposal - Sales of RECs

- August 2014 – CRSP implemented REC program
- January 24, 2022 – CRSP meeting to discuss sale of RECs
  - Comments received
    - Clarification and possible modification of WAPA-wide Rec Policy
      - Remains under consideration
    - Request to transfer to WREGIS account
    - Some identified environmental claims against RECs – not excess
  - Continue to work with customers
SPP RTO Market proposal update

• Brattle Study – SPP commissioned in 2020
  • $49 million benefit across east/west footprint
• Current participants commissioned Brattle
  • Received first study last week
  • Estimated to receive every two weeks (final by mid May)
    • Base case
    • Low Hydro WEIS vs RTO
    • Bilateral Market vs RTO
    • DC Tie Scenarios
SPP RTO Market proposal Customer Involvement

- Weekly discussions beginning next week
- Discuss key areas of impact
- SWOT analysis for each area
- Whitepaper for each area
  - Decisions documents on whitepaper
- Decision process
- FRN & public process
  - Tentative – late summer
Rodney Bailey
rbailey@wapa.gov
801-524-4007