

# Adapting in a world of change

Colorado River Energy Distributors Association Board meeting

Sept. 10, 2020 | Virtual meeting

Kevin Howard  
Executive VP & COO

# Engaging in a world of change



# Third quarter accomplishments

- Not Monitored Quarterly / New Metric
- On Track to Complete / Target Met
- Slightly Off Track / Target Not Met
- Severely Off Track / Target Not Met

	Performance	Contextual	
Enterprise Indicators	Control Performance Standard 1	●	
	Reliability Centered Maintenance	●	
	AM Tier I Data Usage	●	
	SCADA/EMS Systems Availability	●	
	Cyber Security Response	●	
	Annual O&M / KWh Generated	●	
	Repayment of Investment	●	
	Annual O&M / KWh Generated	●	
Tactical Action-Level Organizational Function-Level Program-Level	Customer Outreach	●	
	AM New Asset Analysis	● ● ● ●	
	AM Data Quality Confidence Index	●	
	GSS Network Systems Availability	●	
	Physical Security Remediation	●	
	Emergency Mgt. Readiness	●	
	Power Systems HP/JC	●	
	Acquisition Cost Savings	●	
	Safety HP/JC	●	
	Reserve Strategy Execution	●	
			Accountable Outages (Retiring)
			Employee Turnover Rate
			FEVS Inclusion Index
		FEVS Engagement Index	
		FEVS Innovation Index	

# Coronavirus response

- Objective: Ensure continued mission success and protect employees
- Maximized telework; no visitors
- 38 people hired
- 3 employee well-being surveys
- Sequestration processes & testing
- Multiple all-employee and craft Town Halls
- Continuing Responsible Workplace Re-entry plans

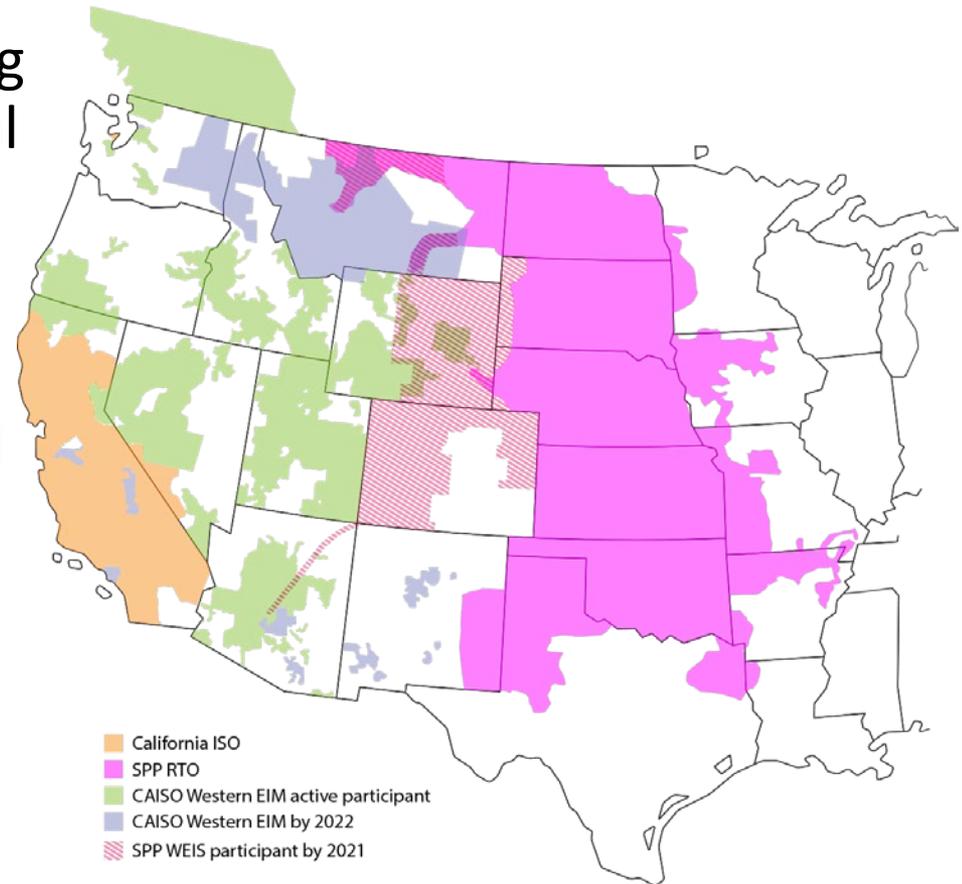


# Third employee well-being survey

- 745 respondents
- ~84% able to fulfill work responsibilities
- Return to work
  - 54% not ready
  - 27% uncertain
  - 19% ready
- Major concerns
  - Exposure to virus/other people's actions
  - Wearing masks for extended periods of time
  - Communication
  - Workload

# Markets update

- Working with SPP on revising WEIS tariff for FERC approval
- On track to meet deadlines
- Started market trials and training
- Expected OATT filing around Nov. 2
- DSW study results expected in next several weeks
- SN go-live timeline accelerated to March 25



# Wildfire prevention & mitigation

- Continuing effort to reduce risk of wildfire impacts to and initiation from power lines
- Active role on ESCC wildfire committee
- Industry leader
- Gears of Government award for work in CO



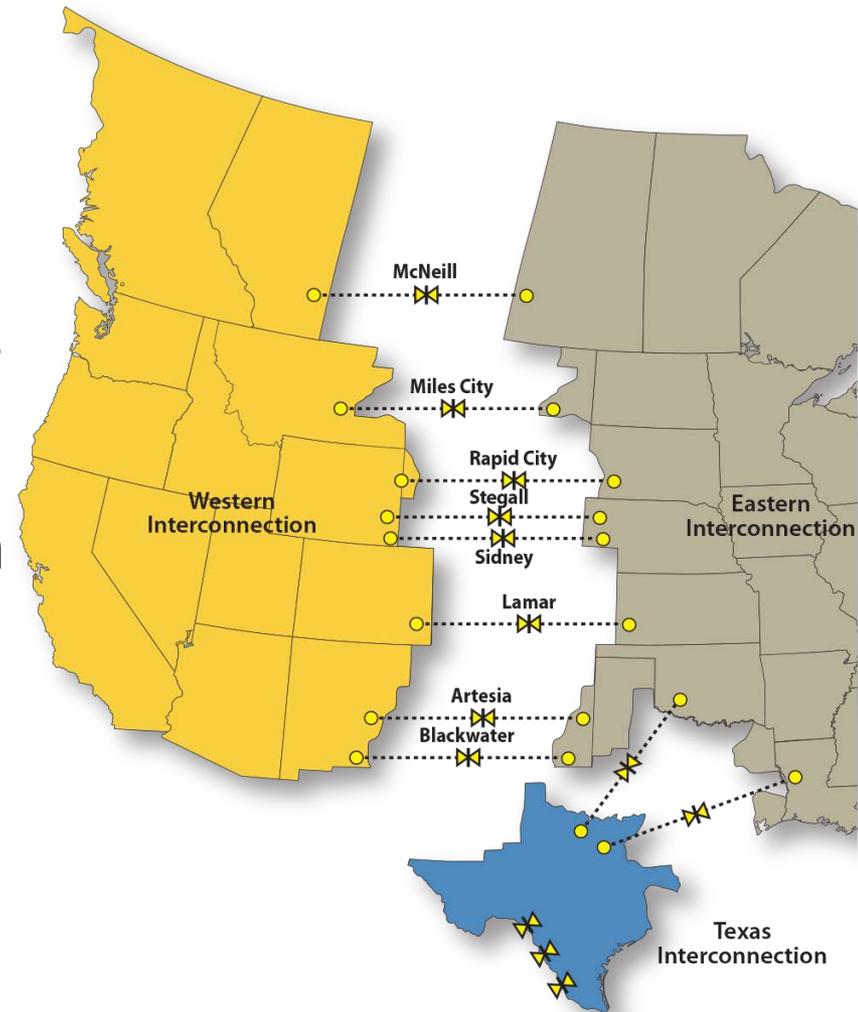
# Support to CA energy emergency

- ~5,400 MWh transmitted Aug. 14-19
  - 1,900 MWh from CRSP (Glen Canyon)
  - 3,300 MWh from CVP
  - 200 MWh from DSW
- Affirms value of hydropower



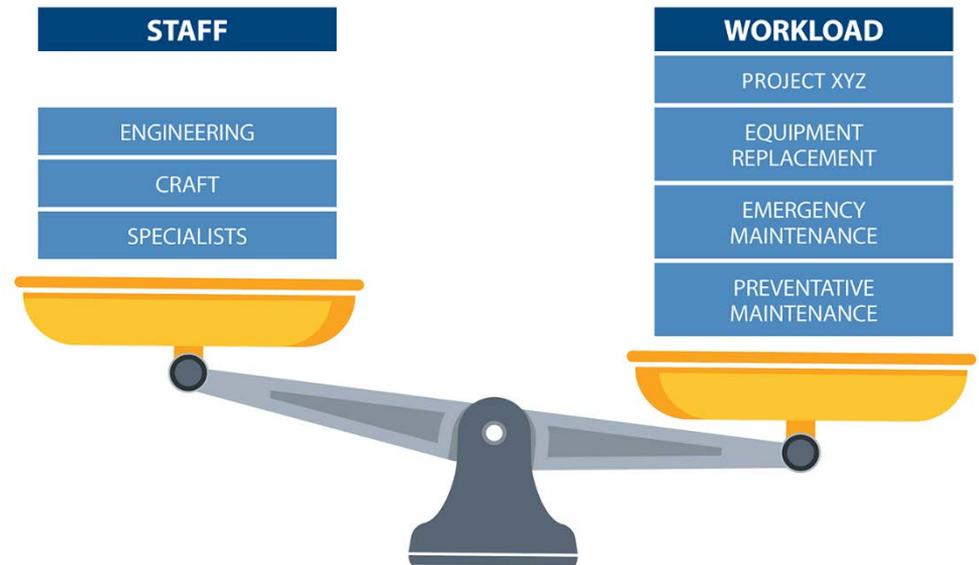
# Transmission challenges

- 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
- Upgrading and upgrading DC interties



# Workload management initiative

- Unifies work in 10-year plans, capital projects, O&M, RCM & asset management
- Focus first on O&M then extend to capital projects
- Gain situational awareness of current work to better forecast staffing needs & timing



# Fiber pilot project

- Pilot project plan completed
- Continuing to explore fiber partnerships with three customers
  - DMEA
  - PRPA
  - TPUD
- Awaiting DOE delegation of authority



# Personnel updates

- New Senior VP & CRSP Manager Tim Vigil
- Senior VP & CFO is Mike Peterson
- Senior VP & UGP Regional Manager Jody Sundsted is retiring
  - VP of Power Operations Lloyd Linke is acting
- CAO selection expected soon

# 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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Michael Peterson  
Senior VP & CFO

# Who's the new guy?

## Michael Peterson – Experience & Education

- Chief Financial Officer 2014-present
- Commodities & Energy Equity Analyst 2006-2014
- Commodities Trader 1997-2006
  
- University of Chicago MBA, International Finance
- Illinois Institute of Technology MS, Financial Markets
- University of Denver BA, Political Science / Economics

# What's going to happen in Washington?

Three possible outcomes for the FY 2021 Budget

- A. Delayed: Continuing Resolution
- B. Approved: Budget Authorized / Appropriated
- C. Not Approved: Shut-down

➤ WAPA well positioned

# CRSP Update for CREDA Board

Tim Vigil

SVP and CRSP Manager

CREDA Board Meeting, 9/10/2020

# CAISO Emergency Energy Requests

# Glen Canyon Emergency Exception Criteria

## Requirements for Emergency Energy:

- All non-firm energy sales have been terminated.
- Requester has exhausted all available capacity reserves or is experiencing a local Transmission Emergency and an EEA-3 may be imminent.
- Reserve requests have been activated and are responding to the maximum extent possible.
- All interruptible loads under requesters control have been interrupted.
- Requests for Reliability Coordinator emergency outage assistance have been implemented and have yielded an inadequate response.
- Capacity and energy from the interconnected system is not available from any source, at any price.
- Peak no long a Reliability coordinator. Left undesignated with Multiple coordinators in WECC now.

# Monthly and Yearly Water Releases

- Water released from Glen Canyon
  - No Changes in Monthly Volumes.
    - Although there is potential of a change in monthly volumes if the request comes late in the month.
  - No Change in Annual Volume.
    - Although there is potential of a slight change in annual volume if the request comes at the end of the water year.

# Deliveries

- August 14<sup>th</sup>  $\approx$  488 MWh
- August 15<sup>th</sup>  $\approx$  401 MWh
- August 17<sup>th</sup>  $\approx$  1,160 MWh
- August 18<sup>th</sup>  $\approx$  388 MWh
- September 5<sup>th</sup>  $\approx$  244 MWh
- September 6<sup>th</sup>  $\approx$  483 MWh
  
- Total  $\approx$  3164 MWh

# Prices

- CAISO Prices are not final.
  - As of right now, not all of the CAISO prices were at the \$1,000 price-cap as expected. We are working through the data and working with the ISO. We will file a dispute if necessary.
- Bilateral Prices outside of the CAISO
  - In most hours, WAPA was buying WRP energy at \$20 to \$100 range in the bilateral market. However, bilateral prices did reach \$1600 for energy in several hours.
- Please note, CRSP could not have used this energy for itself during this time because we cannot violate the ROD for reasons other than reliability emergencies. WACM did not experience a system emergency.

# Impact to WAPA

- August volumes were greater than SHP load required
- We were able to make a slight modification to the pattern in August/September to account for the assistance without impacting SHP deliveries.
- September has numerous Unit outages therefore purchase power in September was/is projected to be higher.
  - We are monitoring the market to capture lower energy costs when we buy back energy.

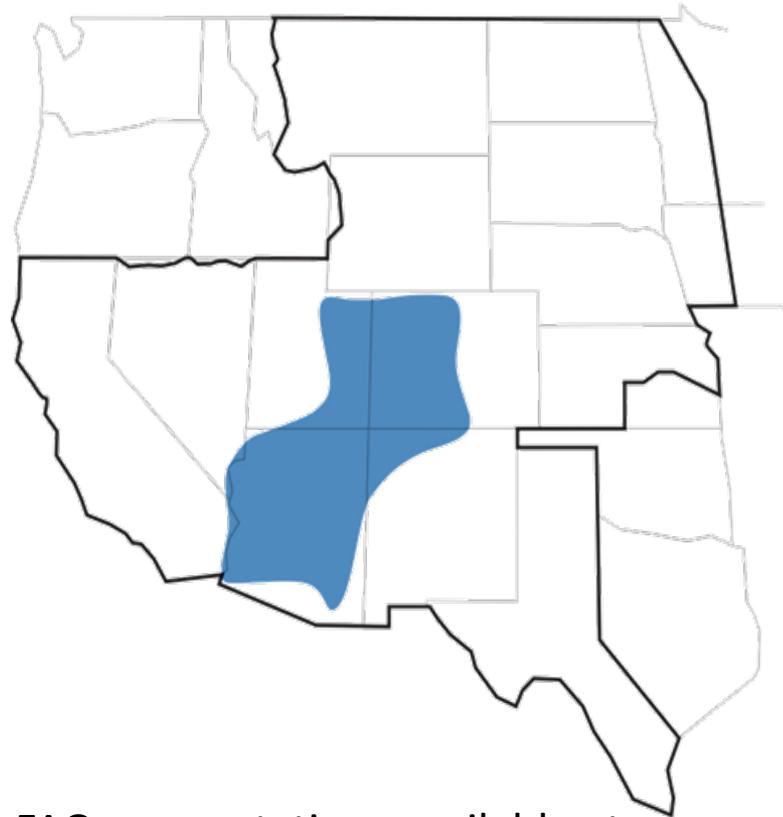
# Combined CRSP/DSW Transmission Service Rate Update

Briefings, FAQ, presentations available at:

[https://www.wapa.gov/regions/DSW/Rates/Pages/  
CombinedTransRate.aspx](https://www.wapa.gov/regions/DSW/Rates/Pages/CombinedTransRate.aspx)

# Combined CRSP/DSW Transmission Service Rate

- WAPA is investigating combining the transmission rates of the DSW and CRSP transmission systems
- DSW has been working on this effort recently and also in the past. Involvement of CRSP is new.
- This effort began with discussions at the staff level
- There are multiple aspects to this issue. We are beginning with understanding how rates would be impacted. Operational issues also need to be addressed.



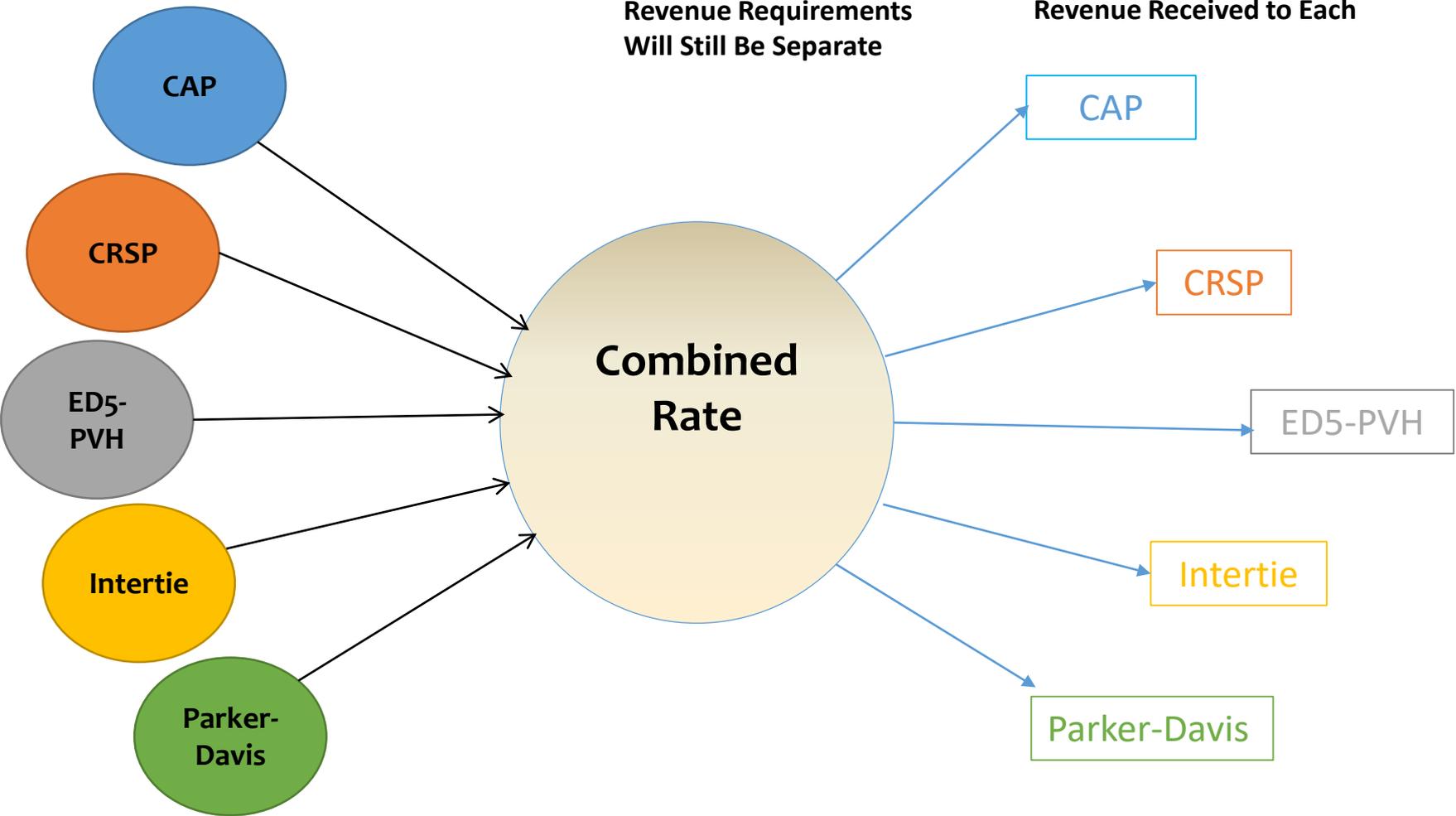
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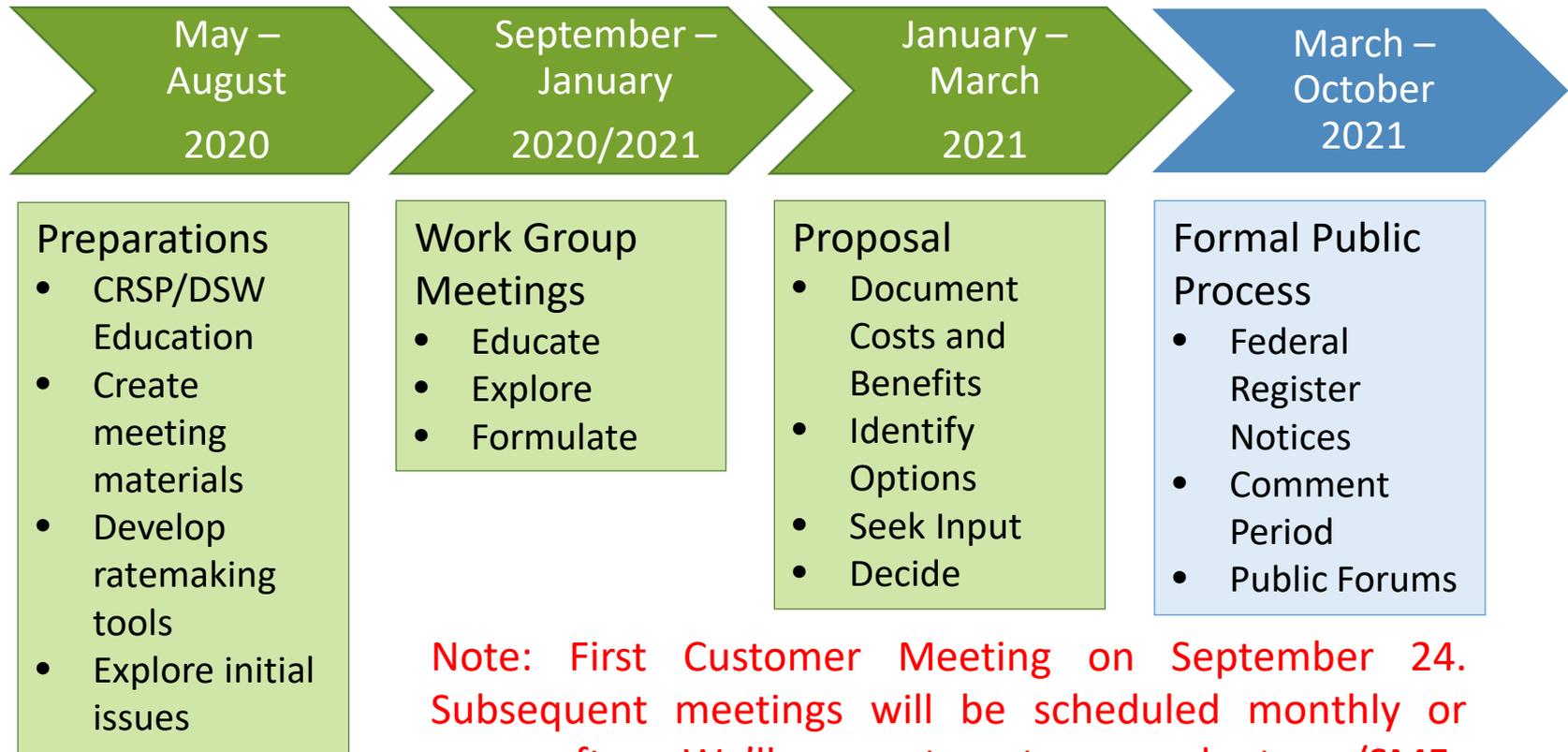
# Overview

Revenue Requirements  
Will Still Be Separate

Revenue Received to Each



# Tentative Timeline



Note: First Customer Meeting on September 24. Subsequent meetings will be scheduled monthly or more often. We'll request customer volunteers/SMEs for small group breakouts on various topics.

# SPP WEIS Update- WEIS Tariff

\*Slides (30-38) by SPP used with permission

# Background

- WEIS Tariff, WJDA, and WMEC Scope filed February 2020 in Dockets ER20-1059, ER20-1060
- Order issued on July 31 rejecting, without prejudice, SPP's original filing recognizing the potential benefits that the WEIS Market could bring to utilities and customers in the Western Interconnection.

# 5 issues noted in July 31 order

1. Potential Use of Non-Participant Transmission
2. Role of Reliability Coordinator and Market Operator
3. Supply Adequacy Incentives/Penalties
4. Use of Average Losses
5. Lack of Justification for Automatic Increases to Market Mitigation Thresholds

# Issue 1 – Address Use of non-participant transmission

- Have established constraints in the market engine that are representative of transmission rights made available for use in the WEIS Market
- Market Participants and participating Balancing Authorities will provide information to SPP regarding the nature of the transmission rights in order for SPP to properly define constraints that will correctly limit the WEIS Market economic dispatch
- SPP will continuously activate the identified constraints to constrain the WEIS Market's economic dispatch to the transmission rights made available for use in the WEIS Market

# Issue 2 – Address role of SPP as RC and Market operator

- Clarify the interaction between SPP RC role and MO role
- No impact on governing documents, market design, or schedule

# Issue 3 – Address supply adequacy concerns

- SPP is proposing to incorporate a pricing mechanism for MPs in a BA that experiences supply adequacy shortfalls
- The pricing mechanism incents MPs to be adequate because
  - If they are long in a short BA, they get paid more
  - If they are short in a short BA, they have to pay more

# Issue 4 – address use of average losses

- Instead of average losses, SPP will incorporate marginal losses to achieve more optimal dispatch

# Issue 5 – address Automatic Increases to Market Mitigation Thresholds

- Remove the automatic increase in mitigation thresholds
- SPP and SPP Market Monitor will assess whether changes are appropriate to the mitigation thresholds once more WEIS Market data is available
- When/if the mitigation thresholds are proposed to be increased in the future, a filing will be made with justification for increasing the thresholds

# MMU Market power study results

- The SPP Market Monitor published the findings of its Market Power Study for the WEIS Market on August 3, 2020
- The study concluded that for the time period studied (2017-2019) that the proposed WEIS Market presents significant market power that should be addressed prior to implementation of the WEIS
- SPP's Tariff filing includes language to address this concern by expanding the market power test to include an assessment of structural market power and mitigate the Energy offers for Resources that have system level market power and whose Energy Offer Curves exceed the conduct threshold and the impact test has failed for that market interval.

# WEIS Project goals and Next Steps

- Prepare refiling package with goal of refiling by October 1
- Continued engagement with WMWG, WMEC, and interested stakeholders on issues and path forward
- Continued discussion with non-market participants
- Go-Live Feb. 1, 2021

# Questions?

Feel free to reach out at any time:

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