The kilowatt-hour is dead; don’t send flowers

NCPA Legislative & Regulatory Affairs Committee
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Mark A. Gabriel
Administrator and CEO
My perspective

- 7.5 years as WAPA Administrator & CEO
- 30 years in electric industry (plus gas, oil and water)
- 8 years at Electric Power Research Institute
- Certified technology nerd
- Published author
- Utility, venture capital, private equity and consulting background
- A DOUG:
  - Dumb
  - Old
  - Utility
  - Guy
Who we are

- Serve 40 million Americans
- 15-state footprint
- 1.4 million square miles
- 49 offices
- ~700 customers
- Top-10 largest transmission utility in country
Radical thoughts

The kilowatt-hour is dead

Time-of-purchase vs. time-of-use

All-you-can-eat energy
Blackouts trigger California energy storage boom

Source: E&E News, July 13, 2020
Challenges in the energy frontier

- Aging infrastructure
- Increased regulation
- Intermittent resources
- Varying hydropower production
- More customer-side resources
- Changing markets
- Security
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
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
COVID-19 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
Rates accomplishments

- Derived rate anticipated to be less than market price
- $10 million reduction in repayment requirement
- Improved communication & collaboration with Reclamation
Reminder: Why joining EIM

- Change in generation mix
- Shortage of electric capacity
- Reduced bilateral trading partners
- Price volatility
- Increasingly dynamic system
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
SN EIM participation

- BANC is the EIM entity with CAISO
- SN will join EIM as a participating resource within BANC
- SN will submit its own base load schedules to CAISO
- SN in coordination with Reclamation will bid resource schedules to CAISO
2025 Power Marketing Plan

- In effect from Jan. 1, 2025-Dec. 31, 2054
- 2% Resource Pool
- Defines measures to terminate contract
- Contracts to be distributed in September 2020
  - Will have six months to sign
Coordination with Reclamation

• Goal to keep CVP power rates lower than market rates
• Participated in CVP Final Cost Allocation Study, which led to reduction in power repayment requirements
• Monitor O&M costs
• New “proportionality” limitation applied to CVPIA assessment collected from power customers
• Developing CVPIA True-up methodology to calculated historical credits for power
Wildfire preparation & mitigation

- Follow Wildfire Mitigation Plan
- Collaborating with others
- Active role on ESCC wildfire committee
- TNI-WEA project
Contact/follow me

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