

# The kilowatt-hour is dead; don't send flowers

NCPA Legislative & Regulatory Affairs Committee

July 14, 2020 | Virtual meeting

Mark A. Gabriel  
Administrator and CEO

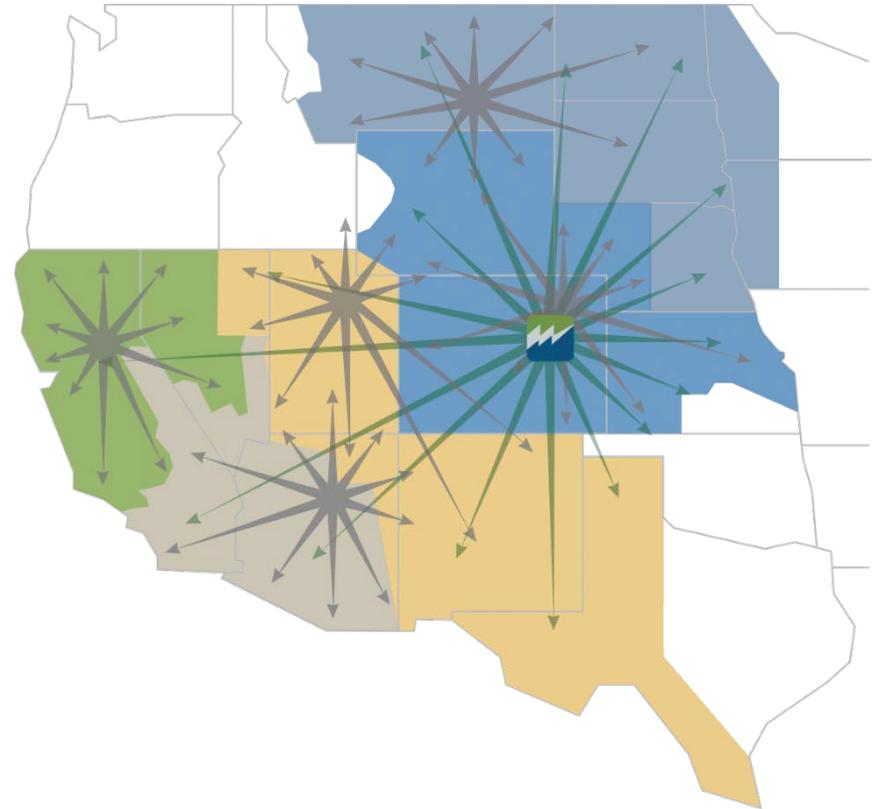
# My perspective

- 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

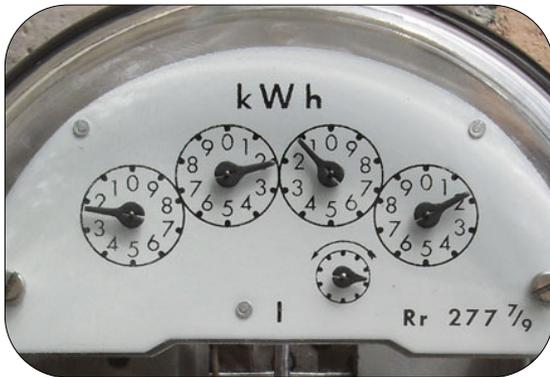


# Who we are

- 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

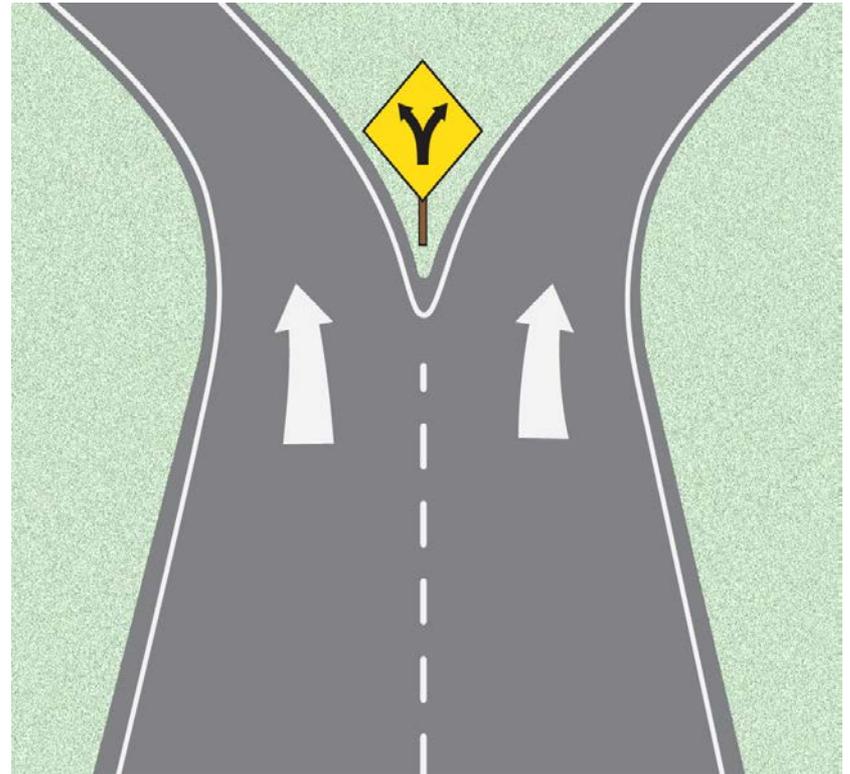
# Blackouts trigger California energy storage boom



*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 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

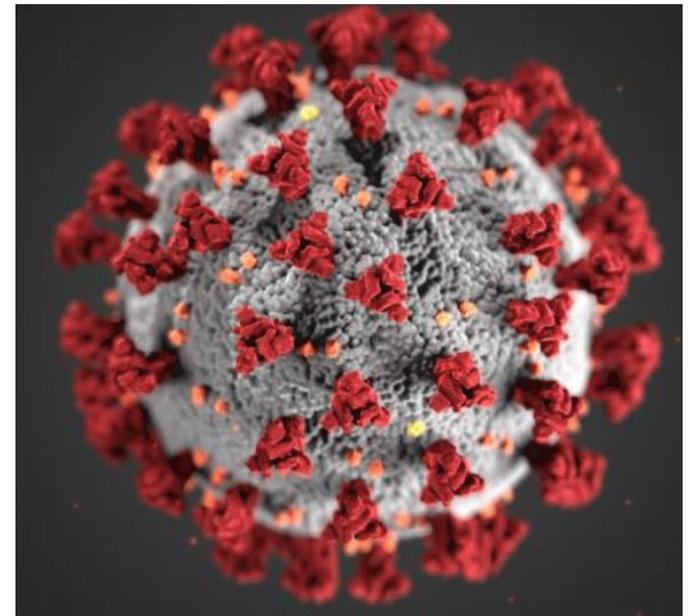


# Shared integrated grid



# 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



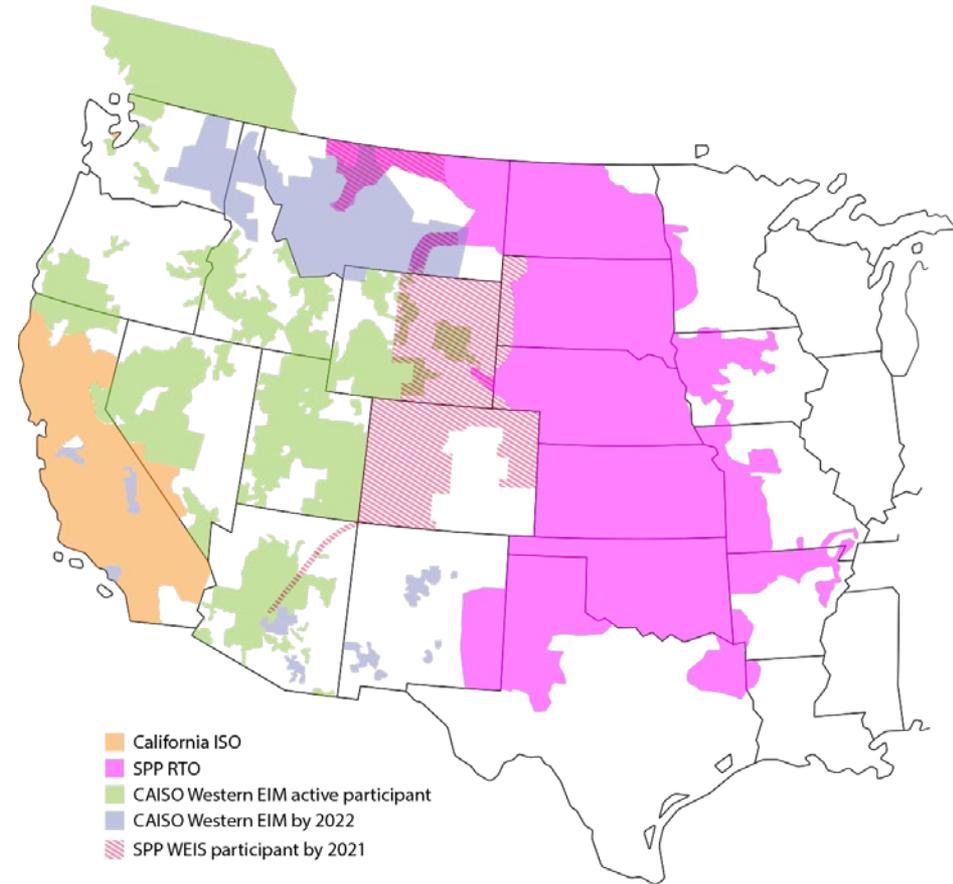
# Rates accomplishments

- Derived rate anticipated to be less than market price
- \$10 million reduction in repayment requirement
- Improved communication & collaboration with Reclamation



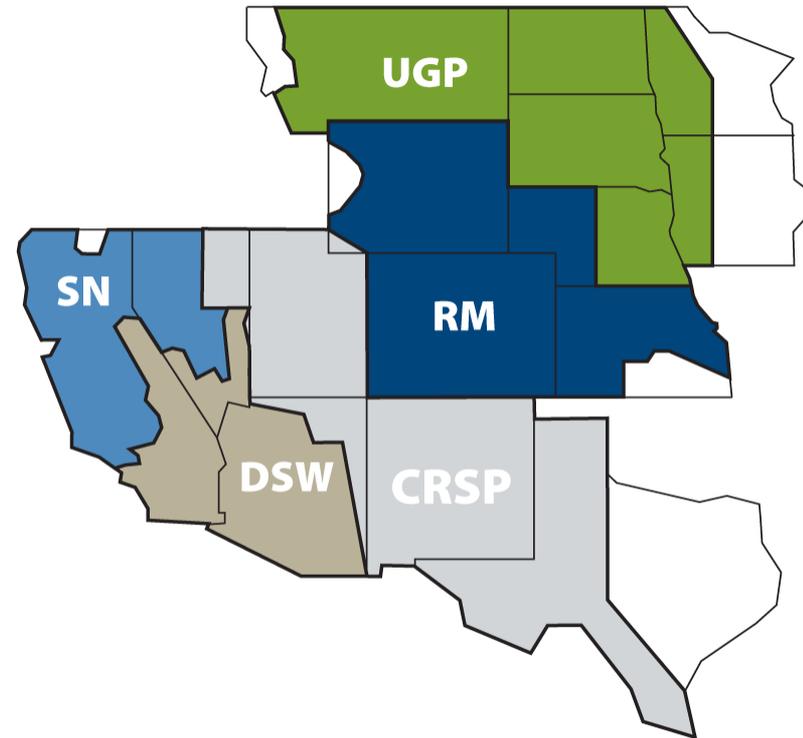
# Reminder: Why joining EIM

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



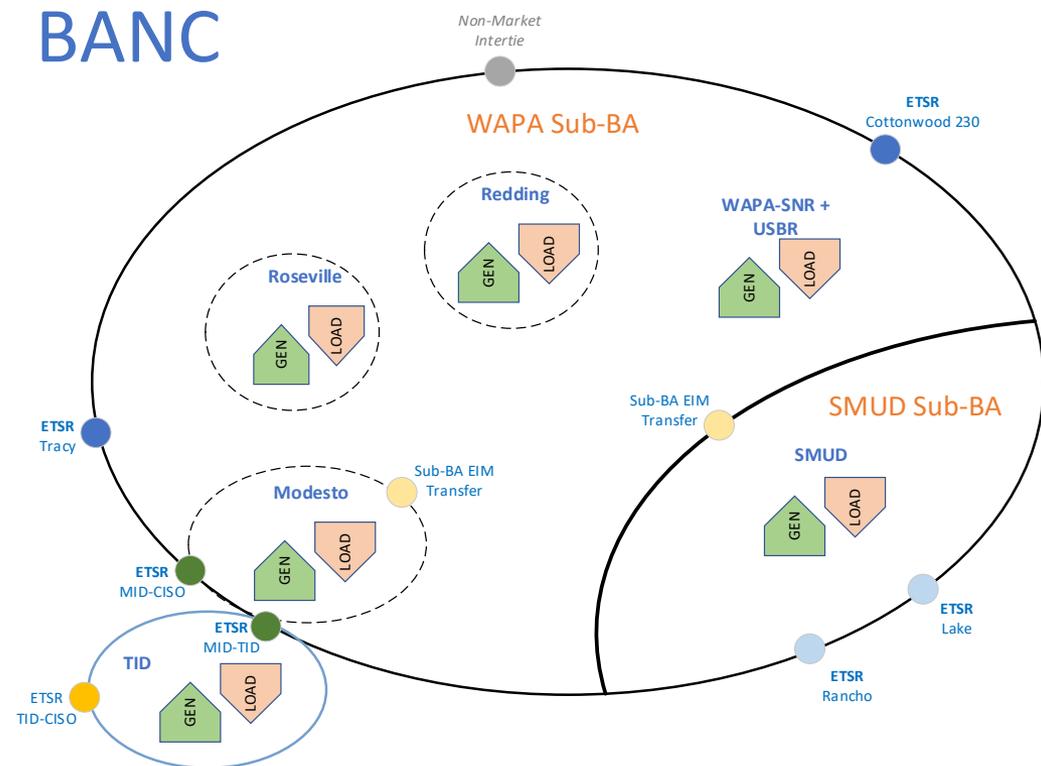
# Position on markets

- 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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