



Western
Area Power
Administration

Upper Great Plains Region Update 2020

Mid-West Electric Consumers Association

Board of Directors Meeting

June 23, 2020

Lori Frisk

VP of Power Marketing

Upper Great Plains Region



Renewable Energy Certificates (REC)

- What are RECs?
 - RECS are Renewable Energy Certificates that identify the environmental attributes of the generation.
- In 2012 WAPA developed basic REC program guidelines and principles.
 - RECs may be bundled with the Firm Electric Service Customer's allocation at no additional charge and shall not be resold by the customer
- 4 of the 5 Regions have REC programs in place.
 - (UGP does not currently have a program)



Renewable Energy Certificates (REC)

- RECs are tracked in renewable energy tracking and trading systems.
 - In the west it is called WREGIS
 - In the east it is call M-RETS
- The WREGIS and M-RETS systems track all the necessary information related to the RECs
 - they validate the environmental attributes of the resource.
- Having a REC program related to WAPA's generation can help entities track their renewable energy portfolio and possibly meet state and government requirements.



Renewable Energy Certificates (REC)

- Other WAPA regions developed their REC programs back in 2009-2012 time-frame.
- WAPA entered into a Contract with the Bureau of Reclamation (BOR) allowing WAPA to claim the environmental attributes tied to the BOR's generation that WAPA markets to FES customers
- Should WAPA UGP develop a REC program, a similar contract could need to be entered into with the Corp of Engineers tied to the generation on east.



UGP SPP market results

- FY2016
 - Bought ~\$26M
 - Sold ~(\$10M)
 - Net ~(\$18M) revenues
- FY 2017
 - Bought ~\$30M
 - Sold ~\$36M
 - Net ~\$ 6M revenues = Net increase in revenues over FY16 of \$24M
- FY 2018
 - Bought ~\$15M
 - Sold ~\$67M
 - Net ~\$52M revenues = Net increase in revenues over FY17 of \$48M
- FY 2019
 - Bought ~\$22M
 - Sold ~\$79M
 - Net ~\$57M revenues = Net increase in revenues over FY18 of \$5M
- FY 2020 through 6/11/2020
 - Bought ~\$ 6M
 - Sold ~\$ 37M revenues = Net revenues to date over FY19 of \$12M



UGP West Side results

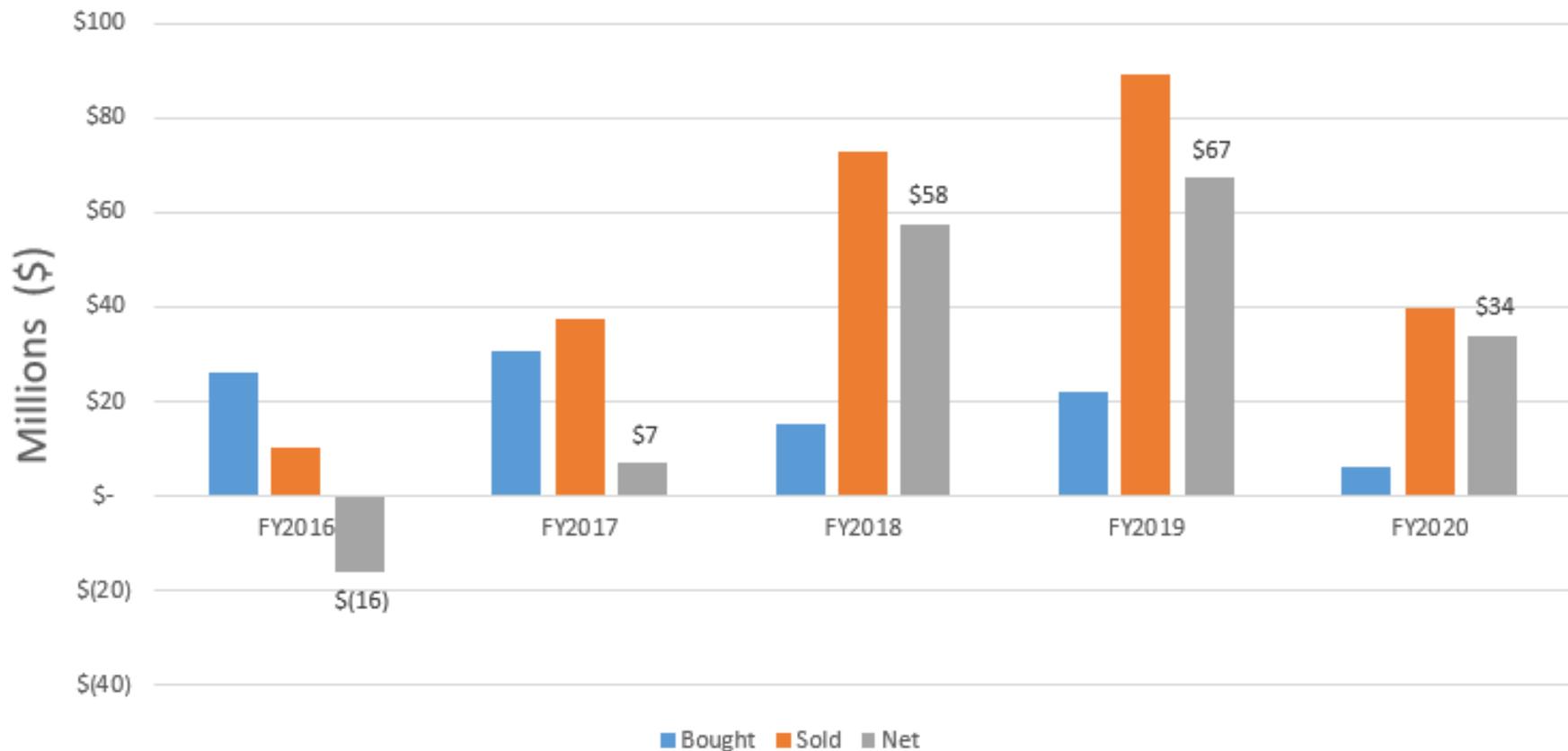
- FY 2016
 - Bought ~\$ 216K
 - Sold ~\$ 363K
 - Net ~\$ 147K revenues
- FY 2017
 - Bought ~\$ 464K
 - Sold ~\$1,401K
 - Net ~\$ 937K revenues
- FY 2018
 - Bought ~\$ 112K
 - Sold ~\$5,650K
 - Net ~\$5,538K revenues
- FY 2019
 - Bought ~\$ 18K
 - Sold ~\$10,340K
 - Net ~\$10,322K revenues
- FY 2020 through 6/11/2020
 - Bought ~\$ 24K
 - Sold ~\$ 2,911K
 - Net ~\$ **2,056K** revenues



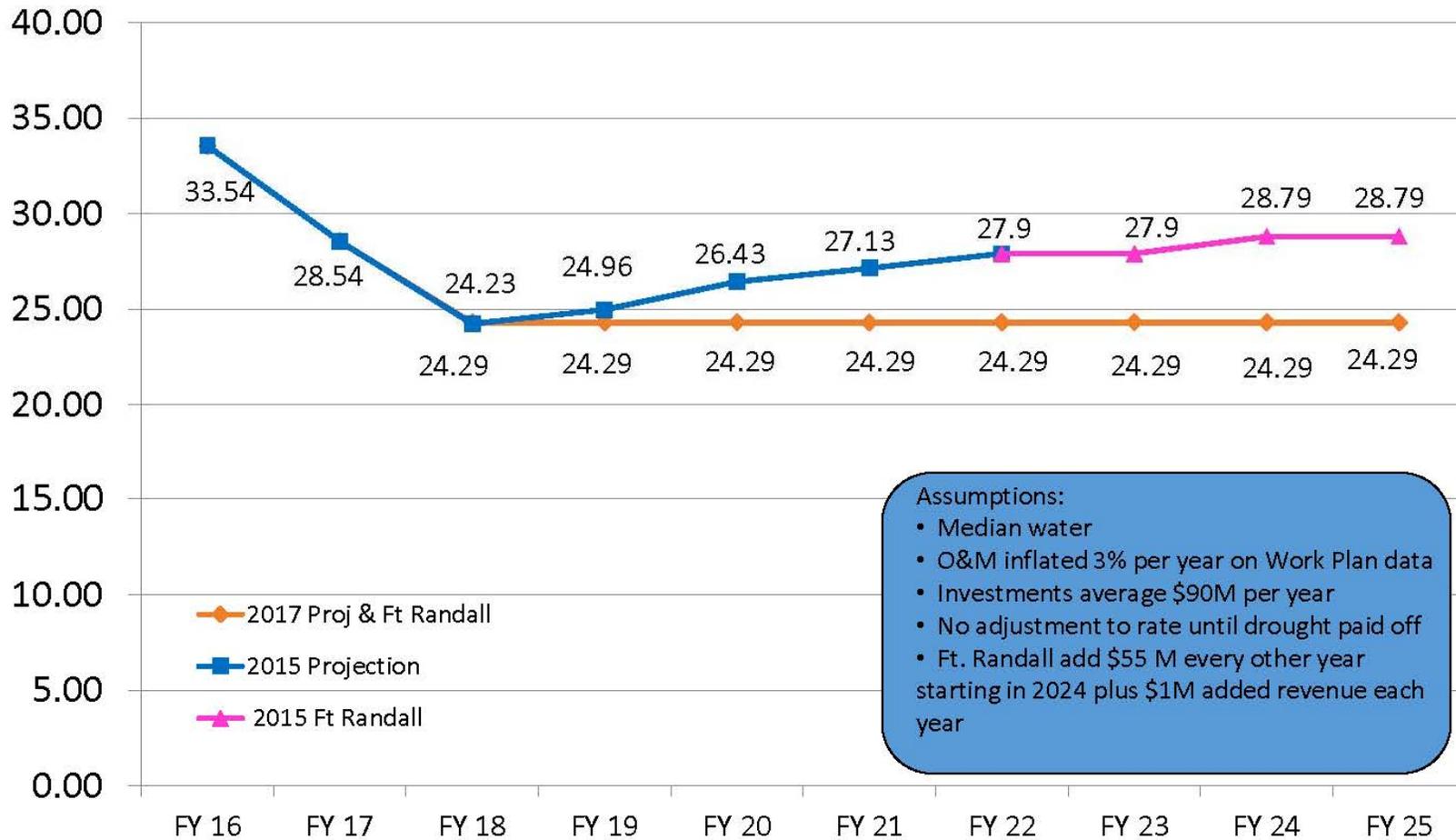
UGP Marketing Summary

SPP & West

As of 6/11/2020



Pick-Sloan Missouri River Basin Program composite rate projection



Drought adder schedule for 2020

As detailed in the FRN

- Finalize annual Power Repayment Study (Feb-March).
 - Determine if base rate and/or drought adder needs adjustment via formal rate adjustment.
- Corp snowpack is final—new generation projections April 15.
- Perform preliminary review of drought adder early summer – notify customers of and estimated change to the rate.
- Perform second review of drought adder in September.
- Notify customers in October of drought adder change to be implemented January 2021.



UGP Transmission and Ancillary Services Update

- Published proposal *Federal Register* Notice (FRN) (84 FR 43803) August 22, 2019, announcing proposed formula Transmission and Ancillary Services Rates to be effective October 1, 2020-September 30, 2025
- 90-day public consultation and comment period closed November 20, 2019. Preparing final FRN (WAPA-188) for publication in the next few weeks



UGP Transmission and Ancillary Services Update

- Updates include continuing the formula-based methodology of existing rates that includes annual updates to financial data in rate formulas with limited changes to:
 - Formula Rate Templates to increase transparency;
 - Formula Rate Implementation Protocols to clarify UGP's rate implementation and annual update procedures;
 - Operating Reserves formula rates to incorporate costs associated with UGP's current reserve sharing group membership; and
 - Rate Schedules for Energy Imbalance and Generator Imbalance to accommodate possible participation in a Western Interconnection energy imbalance service market.



2021 Power Marketing Initiative (PMI) contracts update

As of 06/10/2020

- WAPA contract specific updates:
 - Central Power - contract negotiations for FES, IA, and CFA are on-going
 - NPPD – contract negotiations for FES, IA, and CFA are on-going
 - WAPA Irrigation Contracts 7 total contracts – 2 executed, 3 offered out to customers, 2 in final development
 - Municipal, Rural, and Industrial (MR&I) Water Contracts – 15 total contracts – 2 executed, 7 offered out to customers, 6 in final development
- WAPA/BOR 2021 Indian Irrigation contracts – includes 7 projects (4 active) with 14 total contracts. All 4 active project power contracts have been offered out to the Indian Irrigation customers.
- WAPA supported BOR in development of 18 Project Use Power (PUP) irrigation contracts that the BOR has begun to offer out to PUP customers. WAPA is developing 17 required wheeling contracts for the PUP deliveries.



2021 Power Marketing Initiative (PMI) contracts changes

- In 2009-2011 WAPA held public meetings
 - 5% voltage discount - removed in a rate process in 2018
 - 1 mill discount and up to 7 percent losses – removed in the new 30-year 2021 FES Contracts, effective January 1, 2021.
- WAPA has added a note to each customer’s monthly bill indicating the removal of the discount beginning January 1, 2021. The draft note says...
 - NOTE, If you receive up to 7 percent losses and/or a mill discount, these discounts will no longer exist in the new 30-year Firm Electric Service Contract effective January 1, 2021.



2021 PMI Tribal contracts update

As of 06/11/2020

- Current Tribal Reserve and Bill Crediting Contracts Expiring December 31, 2020.
To date:
 - 13 of the 25 Tribes have signed a Reserve Contract
 - 7 of the 25 Tribes have signed and returned Bill Crediting Arrangements
 - 3 of the 7 that have signed have Bill Crediting Arrangements in place
- 54 Tribal Reserve and Bill Crediting Contracts left to sign
- Currently Offering Tribal Reserve and Bill Crediting Contracts
- Face-to-Face Meetings with Tribes to deliver contract packages
 - Delivered, in person, to Tribes all contract packages by November 20th
 - Follow up with Tribes who haven't yet returned packages
 - Once Bill Crediting Arrangements are signed by the Tribe, the contract package will be sent to the participating regional and local power suppliers for signature.
- Some tribes inquiring about Benefit Crediting rather than Bill Crediting.
- Goal is to have Contracts signed by all Parties by September 1, 2020
- Project Manager: Darla Helms, (406) 255-2938



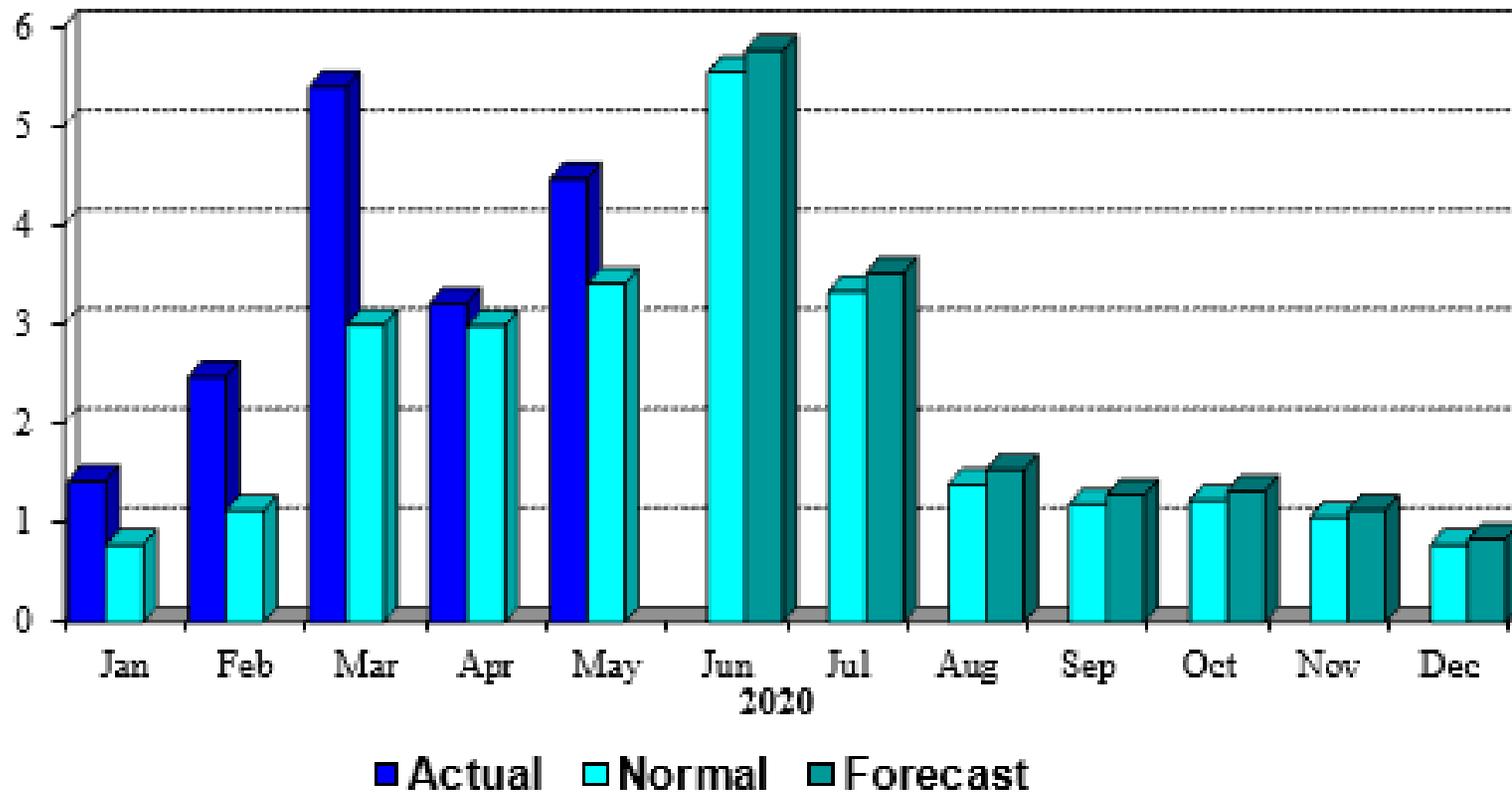
Contracts update - Other

- Contracts can now be signed digitally.
 - Dual authenticated using Adobe Sign or Adobe E-Signature
 - Contracts now offered out via email to customers.
- U.S. Airforce is considering moving 5 MW of OFFUT AFB load to Malmstrom AFB.
- Keystone XL Construction Contracts moving forward.



CY 2020 Missouri River Runoff Above Sioux City, Iowa

Million Acre-Feet

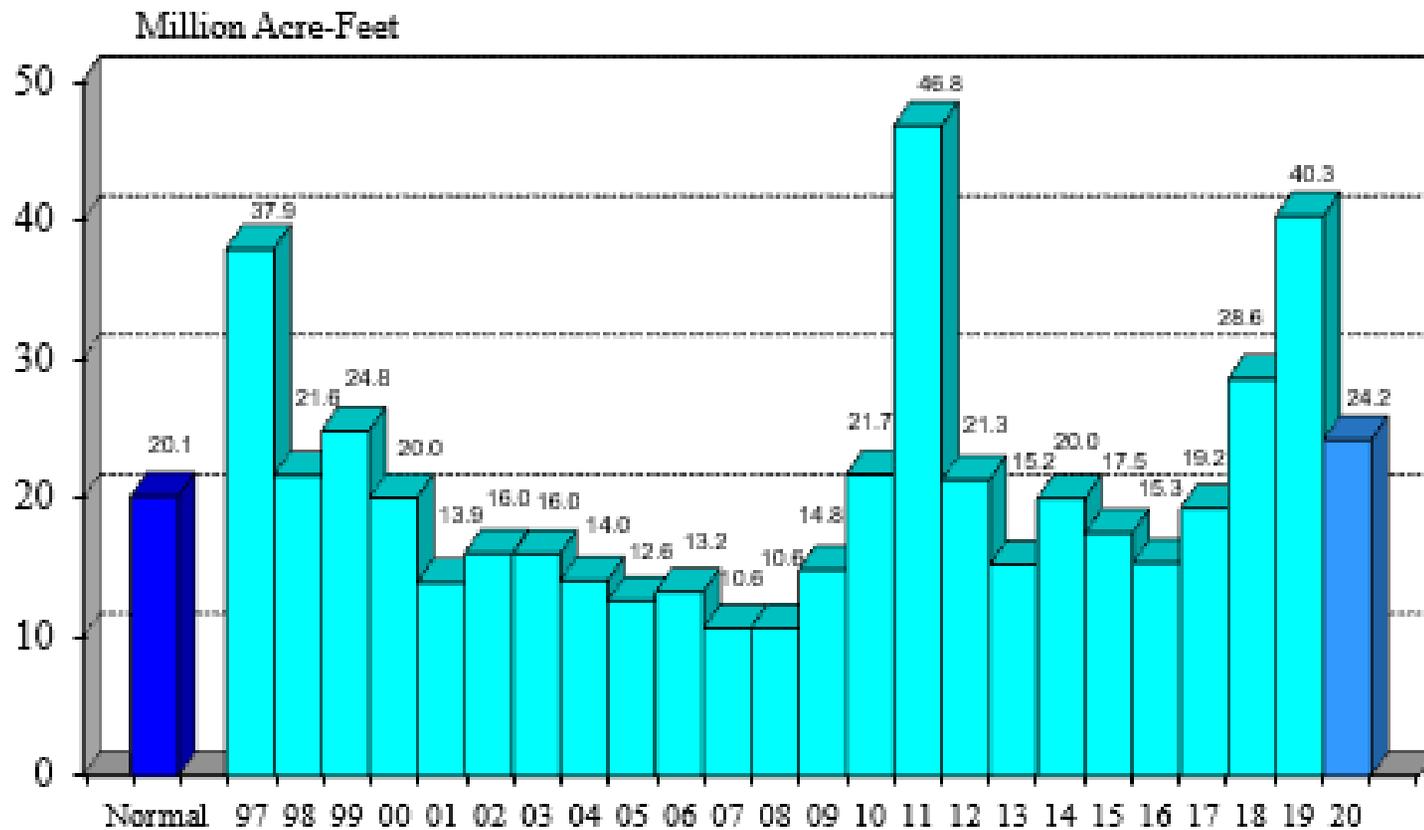


Jan 1, 2020 Forecast – 32.3 MAF – 125%

Average: 25.8 MAF



Gavins Point Annual Release



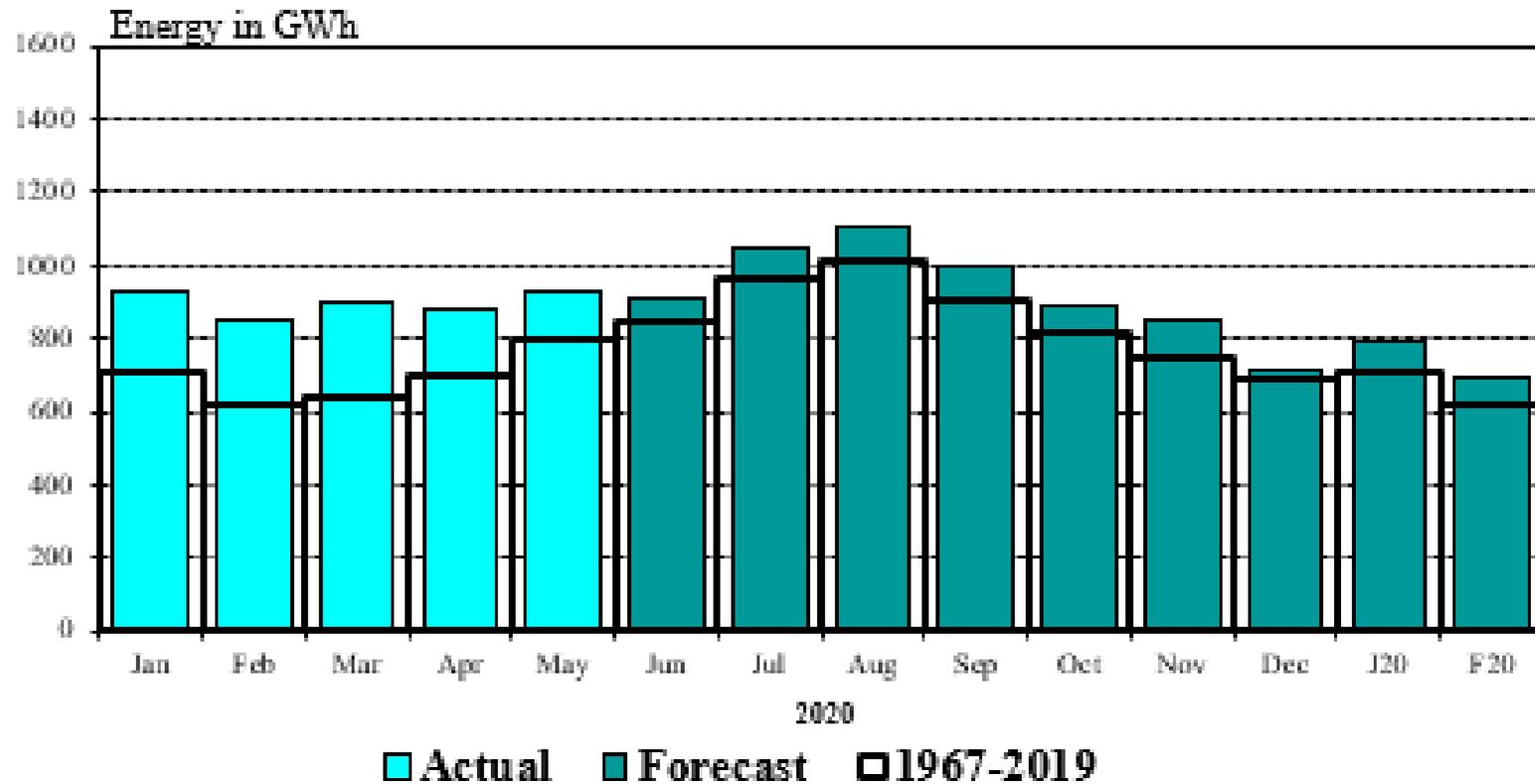
Jun 1, 2020 Forecast

Upper Basic: 29.7 MAF

Lower Basic: 22.5 MAF



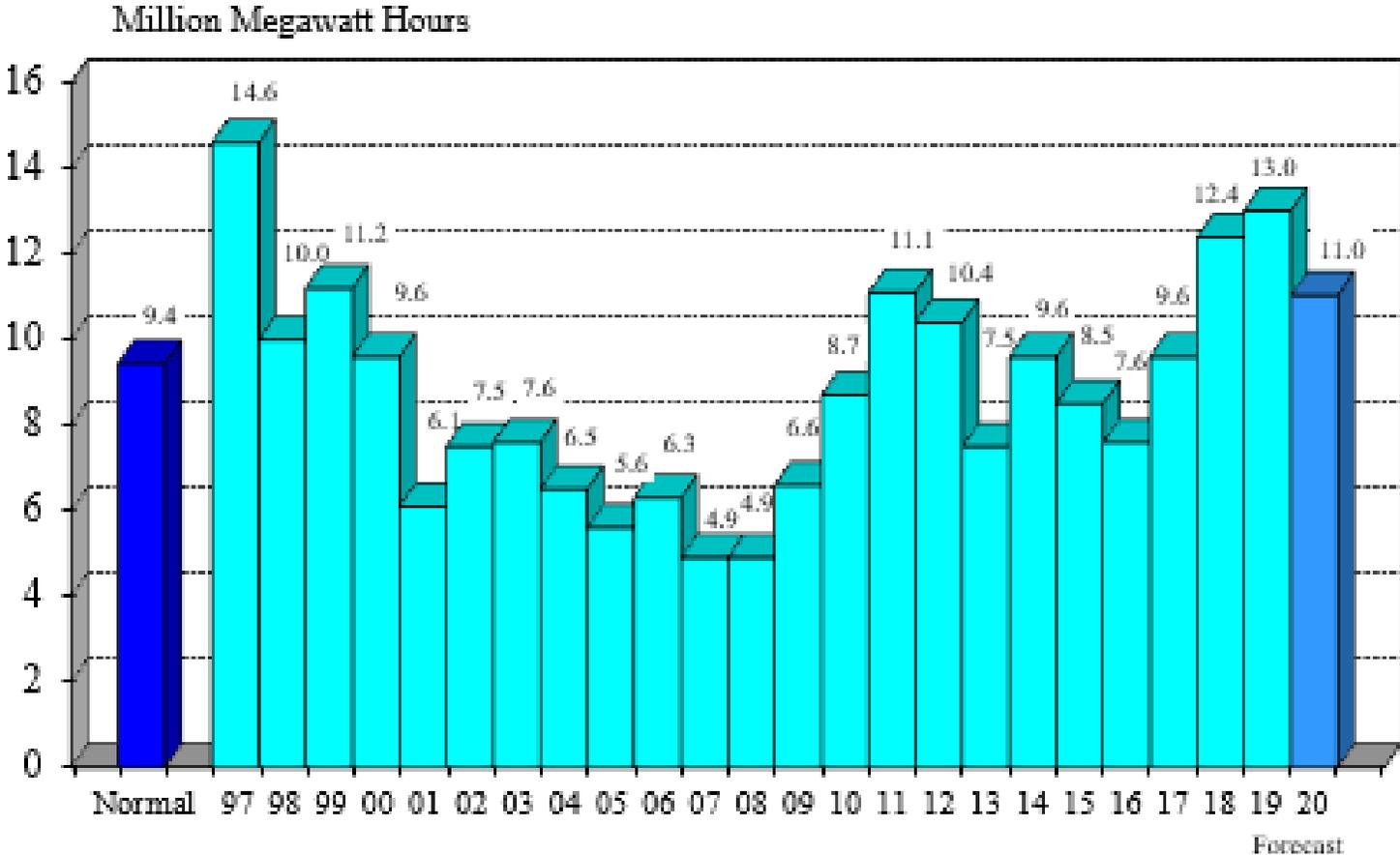
Missouri River Mainstem System Forecasted Energy Generation



Upper Basic: 13,000 GWh
 Basic: 11,000 GWh
 Lower Basic: 10,300 GWh



Mainstem System Generation



Jun 1, 2020 Forecast

Upper Basic: 13.0

Lower Basic: 10.3



Upper Missouri Zone Coordination Group (UMZCG) - Background

- Upper Missouri Zone (UMZ), was formed when WAPA, Basin Electric, and Heartland joined SPP in 2015
- UMZ includes 22 “transmission owners” are submitting costs into the Zonal Annual Transmission Revenue Requirements (ATRr)
- The collective UMZ Zonal ATRr is currently \$304,272,920
- Transmission owners decided to coordinate a number of new issues



UMZCG – Core Reasons for Formation

- Strategic Coordination
 - Develop voting mechanism for defining “consensus”.
- Coordinated Planning
 - Consistent and transparent planning criteria
 - Submitted to SPP on April 1, 2020
 - Consistent design criteria
 - Maintain “Zone 19 Attachment AI Guidance Document”
- Coordination on SPP issues
 - Planning Process, SPP Tariff, SPP Criteria, or other SPP initiatives (e.g. HITT)
 - UMZ ATRR
 - Avoid unnecessary disputes at SPP or FERC



UMZCG – Key Current Efforts

- Complete “ZPC Studies Coordination Procedures”
 - Allow transmission owners to perform planning studies related to MW-Miles criteria
 - Coordinated with SPP so that SPP will accept and endorse such studies. (Expected by July)
- Monitor for FERC approval and final requirements for April 1, 2021, UMZ ZPC submission.
- In the UMZ, Basin Electric will be assigned as the Facilitating Transmission Owner (FTO).
- Approve consistent design criteria



UMZCG – Key Current Efforts (Cont'd)

- Review the governance approach for the UMZCG
 - Continue current informal approach or finalize a UMZCG Agreement.
- Determine whether to sponsor SPP Revision Requests to address several outstanding UMZ concerns with the SPP Tariff within the SPP Stakeholder groups.
- Implement UMZCG administrative tools for posting of UMZCG documents, studies, etc.



Contact / follow WAPA

Lori Frisk

605-882-7580

frisk@wapa.gov



wapa.gov



@westernareapowr



Western Area Power Administration



WesternAreaPower1



westernareapower



wapa.gov

