

# WAPA and MARKETS

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**W**elcome to the final issue of the *WAPA and markets* newsletter for 2020. This year saw many changes on the energy imbalance management front for all our regions as well as a host of other changes, including a pandemic, an energy emergency in California and a record wildfire season across much of our territory.

WAPA continued or embarked on multiple initiatives to explore opportunities in the Western Interconnection, staying focused on identifying and harnessing advantages for reliable grid operations and our customers. These efforts included:

- Switching reliability coordinators at the end of 2019.
- Continuing the transition to new energy imbalance management entities for Upper Great Plains, Rocky Mountain, the Colorado River Storage Project and Sierra Nevada regions.
- Studying energy imbalance management options in Desert Southwest.
- Exploring a combined transmission rate for the DSW and CRSP transmission projects.
- Participating in the California Independent System Operator Western Energy Imbalance Market Governance and Extended Day-Ahead Market Straw Proposal reviews.

- Announcing a new evaluation of [full membership in the Southwest Power Pool](#) Regional Transmission Organization for UGP-West and Loveland Area Projects. Quick update: SPP held public webinars Dec. 2 and 9 on the new member process and the SPP-commissioned markets benefits analysis performed by the Brattle Group. The [meeting materials](#) are available on the [SPP website](#).

Given all of the prospects for the energy frontier, it is imperative we review these developments individually and holistically so we understand how the parts and the whole will affect WAPA and our customers. We are taking a multifactor approach to our vision of the future, evaluating each initiative on its own merits, on the compounding effects of multiple overlapping changes and in the context of the broader energy industry.

These efforts will continue into the next year and beyond as we evaluate and adopt alternate ways of doing business that will retain and increase the value of WAPA to our customers. As always, we will remain open, collaborative and transparent with our customers regarding these activities.

Have a safe holiday season. The *WAPA and markets* newsletter will return in January.

## SN PROGRESSES TOWARD ON-TIME TRANSITION

As we head into the holidays, SN remains on track for a March 25 transition into the CAISO EIM.

At a Nov. 5 customer meeting, SN shared a 10-year forecast of projected EIM costs and benefits. This will be updated annually and shared with customers. SN expects to publish the final EIM rate order in the *Federal Register* early next year, which will be effective March 25 or the billing cycle after. A short-term rate for the sale of frequency response reserve service is expected to be signed by the Administrator and CEO Mark A. Gabriel this week to account for this surplus product between Jan. 14, when it is first implemented by the Balancing Authority of Northern California, and EIM go-live.

The region continues to conduct market simulation structured scenarios with CAISO and the BANC in advance of parallel operations. In addition, employees are testing internal scenarios for market participation.

[Open Access Transmission Tariff Revision 20-01](#), which covers SN's participation in the CAISO EIM, was posted as effective Dec. 1 on the [Open Access Same-Time Information System](#) sites on the [WAPA OATT Documents](#) page.

Finally, SN is partnering with the other BANC EIM participants to meet EIM Resource Sufficiency Tests.

**More information on SN's transition is available at the [SN energy imbalance market activities webpage](#).**



## DSW BENEFITS STUDY INITIATES THIRD BASE CONDITION ANALYSIS

On Oct. 28, DSW, Arizona Electric Power Cooperative, Central Arizona Water Conservation District and Southwest Public Power Agency released their second study update. The E3 benefits study completed a second base-condition analysis after the initial results revealed a need to update certain variables in the study.

After reviewing the second base-condition study results, DSW and the study participants decided to run a third base-condition analysis with some new changes to the modeling assumptions. The results are projected to be available next month.

Once the base condition analysis has been finalized, there may be some sensitivity analyses that need to be examined. The study participants expect to share results in March.

The cost analysis, run by Utilicast for DSW and AEPCO, is essentially complete. This study identified the initial upfront costs associated with joining either the CAISO EIM or SPP Western Energy Imbalance Service market and the annual ongoing costs of each option.

As the Balancing Authority and sub-BA operators, DSW and AEPCO would incur these costs initially and then pass them on through their respective rates. The cost estimates will be shared with the benefits study results, once ready, to provide customers and stakeholders a complete picture of potential market participation.



More information on DSW's effort is available on the [DSW energy imbalance market activities webpage](#). You can also read the [first update on these studies published May 26 by DSW and fellow study participants](#).



## WEIS OATT REVISION FILED AT FERC; MORE BUSINESS PRACTICES AVAILABLE FOR REVIEW

While we wait for the Federal Energy Regulatory Commission to rule on SPP's WEIS tariff, employees continue to complete preparation activities for a Feb. 1 transition.

[Open Access Transmission Tariff Revision 20-02](#), which covers CRSP's and RM's participation in the SPP-administered WEIS, was filed at FERC Dec. 2 as planned.

After more than a year of discussion and collaboration with Western Area Colorado Missouri balancing authority customers, the final BA Services Agreement has been distributed for customer signature and execution. Multiple signed agreements have been received and the remainder are expecting in the coming weeks.

Four revised and two new business practices were posted on WAPA's OASIS Dec. 4 for stakeholder comment. Stakeholders have until Dec. 18 to provide input on:

- General Requirements and Background Business Practices (Revised)
- Registration Requirements Business Practices (Revised)
- Balancing Authority Operations Business Practices (Revised)
- Settlements & Reporting Business Practices (Revised)
- Transmission Service Business Practices (New)
- Ancillary Services and Losses Business Practice (New)

A comment form was also included in the OASIS posting. Stakeholders were asked to submit a separate comment form for each business practice to Joymay Chipman and Parker Wicks by Dec. 18. We received input from a couple of stakeholders during the comment period.

The Rates offices in both RM and CRSP made progress with implementing rates for short-term sales in WEIS. In early December, RM and CRSP staff posted updated Rates brochures and responses to comments on their respective Rates websites. RM's [updated Rate brochure](#) reflects revisions resulting from customer comments, current information from WAPA's OATT revision filing, new business practices and rate process timelines. CRSP's [updated Rate brochure](#) reflects

the updates on the rate process timelines and revisions stemming from customer comments. We anticipate the rates for short-term sales will be approved by WAPA's Administrator and CEO Mark A. Gabriel by the end of this year or early next year.

Finally, WAPA staff continues to make progress with market testing and began parallel operations Dec. 10. Internal training on new tools and processes has started to prepare staff for day-one participation in WEIS.

For more information on the WEIS transition, visit the [WEIS activities webpage](#).



Thank you for reading the *WAPA and Markets* newsletter. For more information, call your regional representative or visit the [WAPA-wide energy imbalance activities webpage](#) on The Source.



**Western Area  
Power Administration**