

AEPCO-CAWCD-SPPA-WAPA DSW Market Study Update #2

October 28, 2020

Study Participants & Objective

Arizona Electric Power Cooperative (AEPCO), Central Arizona Water Conservation District (CAWCD), Southwest Public Power Agency (SPPA) and the Western Area Power Administration's Desert Southwest Region (WAPA DSW) are collaborating to examine the prospects of participating in either the California Independent System Operator's Energy Imbalance Market (CAISO EIM) or the Southwest Power Pool's Western Energy Imbalance Service (SPP WEIS).

Benefits Analysis

All four study participants collaborated with Energy & Environmental Economics (E3) to develop estimates of the annual ongoing benefits associated with joining either EIM or WEIS.

- This effort was delayed for several weeks during the summer of 2020 when the software that E3 is using to conduct the study was unexpectedly updated by the vendor.
- A review of the initial results revealed a need to update some input variables and conduct another iteration of the base condition analysis. That effort is underway.
- When the base condition analysis has been finalized, sensitivity analyses may be examined.
- To the extent that the next iteration of the base condition analysis is successful, the study participants expect to share results before the end of the year.

Cost Analysis

WAPA DSW and AEPCO collaborated with Utilicast to develop estimates of: 1) the initial upfront costs associated with joining either EIM or WEIS, and 2) the annual ongoing costs associated with joining either EIM or WEIS. This effort is essentially complete.

- As the BA and sub-BA operators, WAPA DSW and AEPCO would experience these costs directly and then pass proportionate amounts on to others within their areas through their rates, including CAWCD and SPPA.
- The principal costs associated with joining EIM or WEIS are: 1) labor, 2) information technology, 3) initial market fees and 4) annual market fees.
- The cost estimates will be shared with the benefits study results to provide a complete picture of potential market participation.

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