

Combined CRSP-DSW Transmission Rate

Work Group Meeting Notes

12/16/2020

Please submit questions, comments, or corrections about the notes to onerate@wapa.gov

Discussion

WAPA reviewed the meeting [presentation](#) also available on its [website](#).

WAPA has posted to its website updated [questions](#) received to date about the combined rate and answers for many of them. Additionally, responses to action items from the November work group meeting including a comparison by system of firm and short-term/nonfirm revenues as well as forecasts of the individual (not combined) system rates.

WAPA and meeting participants discussed financial issues including the funds used by the systems, sources of funding, and Intertie and Parker-Davis Project (P-DP) prepayments. WAPA explained that to ensure funding for Intertie and P-DP, point-to-point combined rate customers will need to prepay for transmission service.

WAPA discussed minor contractual changes necessary to combine the rates and contractual issues it is still exploring. In addition to the minor contract changes, WAPA noted that it anticipates including language in the combined rate schedule and/or a business practice that would prevent charges for pancaked service.

WAPA provided an overview of review processes for the rates of the individual systems and that it anticipated needing an additional meeting each year to review the combined rate calculation. WAPA also discussed various formal information sharing agreements for customers of the Colorado River Storage Project (CRSP) Management Center and the Desert Southwest Region (DSW). The information sharing agreements do not conflict with a combined rate.

WAPA recapped the project timeline. Work group meetings will continue with the next meeting scheduled for late January. WAPA will send a survey to participants to determine the best meeting date.

WAPA repeated earlier offers to discuss the combined rate with individual customers and perform analysis for them.

A list of possible future meeting topics was briefly discussed, actions items were reviewed, and the meeting was closed.

Questions / Comments

What if customers change from point-to-point service to network (NITS) service, will that affect prepayment funding?

Yes, that has occurred and has put downward pressure on available cash, but not prohibitively.

Where are administrative and HQ costs included on matrix of funding sources (slide 7)?

Those costs are included in O&M.

The CRSP Southern Division aggregation agreement (IRSA) may need to be modified for the combined rate.

Thank you. WAPA will review that agreement.

Will changes in the CRSP or P-DP marketing plans be necessary for the combined rate?

No, WAPA does not believe the marketing plans will impact the combined rate but will review them.

Is it possible to combine the rates if CRSP and DSW are in separate energy imbalance markets? Will that cause seams issues?

Yes, energy imbalance markets will not affect the combined rate; however, a combined rate is not possible if CRSP and DSW are in separate full/2 day markets.

Will the combined rate be a formula rate?

Yes, each system will continue to determine costs based its own rate methodology. Those costs will be included in a single formula that will determine the combined rate.

How is the combined rate not subsidizing repayment of other systems?

Combining rates means systems inherently share strengths and weaknesses. For the combined rate, the revenue requirement of each system will be included in the overall revenue requirement and will be recovered via rate. Each system will then receive the amount of revenue for its costs.

Will WAPA consider performing scenario analysis with different amounts of firm and short-term revenues?

Yes, WAPA will perform any analyses requested by meeting participants.



How will the combined rate benefit Colorado River Energy Distributors Association members?

The costs and benefits of the combined rate are highly individualized for each customer, so it is difficult to describe them in aggregate. Some customers will benefit from unpancaking, while others may benefit from access to a larger transmission system.

Will WAPA determine the impact of the combined rate for each customer, to show the “winners” and “losers”? Why is WAPA hesitant to provide that information and interested instead in one-on-one discussions?

WAPA is interested in one-on-one discussions so that we may help customers understand how the combined rate may affect them. At these discussions, we expect customers will share sensitive information including their future use of transmission and we will want to keep that information confidential.

Before the next work group meeting, WAPA will provide a cost impact analysis showing the results for all customers based on their current use of the transmission systems.

How will line losses be addressed?

WAPA intends to present information about line losses at a work group meeting in January but recognizes that it will be necessary to unpancake them so a single loss rate would be applicable to all customers.

How will this affect appropriations? [Asked between customers]

Customer response: It is difficult to know without understanding how customers will be financially impacted.

Rate stability is a benefit of the combined rate.

Thank you for that comment.

The towns of Marana and Gilbert are interested in discussions/analysis specific to them.

Thank you, we will follow-up on the request.

How would the combined rate be affected if Congress were to reduce appropriations or other funding sources? Do you anticipate needing to aggregate funding authorities?

Rates are forward-looking, so reduced appropriations will reduce cost projections and the rates will be adjusted downward. The combined rate should not affect funding, but WAPA will consider possible impacts to funding.

Action Items

1. Review the CRSP IRSA agreement for possible changes
2. Review CRSP and P-DP marketing plans to ensure they do not conflict with the combined rate
3. Provide a preliminary cost impact analysis for all customers
4. Consider possible impacts to funding
5. Update project schedule in future meeting materials to reflect the decision after the work group sessions is only whether to proceed with a public process
6. Survey participants for next meeting date in late January

Next Meeting

Late in January, exact date to be determined

Website / Resources

<https://www.wapa.gov/regions/DSW/Rates/Pages/CombinedTransRate.aspx>