



ARIZONA MUNICIPAL POWER
USERS' ASSOCIATION

IRRIGATION & ELECTRICAL DISTRICTS
ASSOCIATION OF ARIZONA

E-MAILED ONLY

May 31, 2022

Scott R. Lund
Acting Senior VP and Desert Southwest Regional Manager
Western Area Power Administration
P.O. Box 6457
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Re: 2023 Formula Rates & Base Charge

Dear Scott:

In comparing the March 16th to the May 13th presentation, we noticed the addition of \$800,000 in Renewable Energy Certificates (REC) revenue in FY2023. While we appreciate the efforts that WAPA & the Bureau are taking to find ways to try to control the costs of Hoover, we believe that this action is premature.

Multiple WAPA customers have expressed concerns with WAPA's policy on REC. Questions have been asked at meetings, and to date, we feel there have been insufficient responses to those concerns. While most of these concerns have been expressed to the CRSP office, the same questions hold true across WAPA.

Hydropower has made progress in certain states recently being included as part of their Renewable Portfolio Standards (RPS), however; there are still significant hurdles applying a blanket policy to projects that deliver power to multiple states. For example, in Arizona, large/old hydro does not qualify for its RPS.

Hoover is unique in comparison to other projects, with separate authorizing legislation and contracts. With regards to those contracts, WAPA granted the environmental benefits to its customers. How then can WAPA sell the REC that are not claimed by certain customers and socialize the benefits to all customers? In our opinion you can't, because giving customers' contracted benefit to others without permission is a violation of the contract.

IEDA & AMPUA encourage WAPA to exclude the \$800,000 from the rates, and find a way to monetize the benefits of the REC, with the benefits going to the specific customers as a bill credit or some other mechanism that fairly and equitably distributes this contracted right.

Sincerely,

A handwritten signature in black ink that reads "Russell D. Smoldon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Russell D. Smoldon
AMPUA

A handwritten signature in blue ink that reads "Ed Gerak". The signature is cursive and somewhat stylized.

Ed Gerak
IEDA