

Combined transmission service rate



WAPA is keeping pace with the changing energy industry in the Western Interconnection, including the development of markets, accommodating the changing resource mix, introduction of battery storage, varying hydropower production and more. During this time of change, it is critical WAPA be proactive and innovative to find and implement efficient and cost-effective solutions that preserves the value of hydropower, WAPA's transmission system and the successful public-private partnerships with customers.

One way WAPA may improve efficient transmission use across WAPA's multiple transmission projects is to pursue a combined transmission rate among Desert Southwest's four transmission projects and the Colorado River Storage Project.

Rate Convergence 2011-2021



Over time, the transmission service rates of these projects have reached near parity. Desert Southwest customers have encouraged WAPA to investigate combining the transmission rates of the projects within the Desert Southwest Region, and in 2019, customers and DSW employees jointly agreed that exploring a combined transmission rate is one of the top three initiatives for 2020. DSW and CRSP also have customers in common, and some CRSP customers use DSW transmission systems for delivery of their CRSP power.

CRSP and DSW transmission systems include:

- Parker-Davis Project
- Intertie
- Central Arizona Project
- ED5-Palo Verde Hub
- Colorado River Storage Project

There are numerous potential benefits to a combined transmission rate, including:

- Permitting more efficient scheduling and use of a large segment of WAPA's transmission system.
- Eliminating rate pancaking from one WAPA transmission project to another.
- Providing rate stability while ensuring transmission cost allocations are appropriate for federal projects.
- Reducing administrative expenses for WAPA to manage five different transmission rates

CRSP and DSW are in the beginning stages of exploring this concept, and are partnering with customers to evaluate this idea and how to develop a common rate. One option for consideration is to combine the individual revenue requirements into a single revenue requirement with a single rate. Repayment will continue at the individual project level; projects will remain financially independent. Revenue for each project will likely be based on its percentage of the total revenue requirement.

Combined Transmission Rate Footprint



If CRSP and DSW determine a combined rate is beneficial, the tentative plan is to begin a formal rate-making process in 2021 with an effective date of Oct. 1, 2021.

For more information and to participate in the discussion, contact **Scott Lund** at SLund@wapa.gov or **Brent Osiek** at Osiek@wapa.gov.