

# memorandum

DATE: December 16, 2020

REPLY TO  
ATTN OF: J6100, S. Cook

SUBJECT: Approval of Formula Rates for Short-Term Sales for the Rocky Mountain Region (RMR) to use Under the Western Energy Imbalance Service (WEIS) Market

TO: M. Gabriel, A0000, Lakewood, CO  
THRU: R. Klinefelter, A0200, Lakewood, CO

This memorandum is to request the Western Area Power Administration (WAPA) Administrator's approval of various formula rates for short-term sales to be used once the WEIS Market commences, currently set for February 1, 2021. The rates will expire on September 30, 2021. Prior to the expiration date, RMR anticipates concluding a public process, which will establish long-term rates for use in the WEIS Market.

The four formula rate schedules on which RMR is seeking your short-term approval are attached to this memorandum: 1) Joint Dispatch Transmission Service – L-NFJDT, 2) Energy Imbalance Service – L-AS4, 3) Generator Imbalance – L-AS9, and 4) Balancing Authority Real Power Losses Service – L-AS7.

## BACKGROUND:

On September 9, 2019, WAPA announced its decision that Colorado River Storage Project Management Center (CRSP), RMR, and the Upper Great Plains Region would join the WEIS Market administered by the Southwest Power Pool, Inc. (SPP).

On October 29, 2019, RMR held a "WACM BA Customer meeting" to share information on various topics with customers. One of those topics being WAPA's participation in the WEIS Market. During that discussion, RMR informed customers that WAPA's OATT would need to be revised in order to incorporate the provisions necessary for WAPA's transmission projects to participate in the WEIS Market and that once those provisions were finalized, RMR would need to implement new/revised rate schedules. However, since both of those WAPA efforts are highly dependent on the approval of the WEIS Tariff, RMR provided its proposed plan and timeline for implementation with the expectation that the WEIS Tariff filed by SPP would be approved by the Federal Energy Regulatory Commission (FERC).

At that time, the plan was to have WAPA's OATT revisions effective in November of 2020. That being the case, RMR didn't plan to begin its formal 5-year formula/long-term rate adjustment process (where customers have opportunity to participate in the development of long-term rates) to put the necessary rates in place until ~October 2020. This October 2020 timeframe happens to line up nicely with RMR's timeline for conducting a formal rate adjustment process to implement new 5-year formula rates for transmission and ancillary services; as the existing 5-year rates expire on September 30, 2021.

RMR explained that it takes approximately 1 year to complete a formal rate adjustment process, which makes it September 2021 when WAPA's Administrator is expected to sign the 5-year formula/long-term rate package. This results in new transmission and ancillary services rates, including those necessary for participation in the WEIS Market, not being implemented for the next 5-year period until October 1, 2021.

#### DISCUSSION:

Since the WEIS Market is expected to go-live on February 1, 2021, RMR is seeking approval to use the Administrator's authority to develop and place into effect rates for short-term sales for the 8-month period between February 2021 and October 2021. RMR needs a new rate schedule for Joint Dispatch Transmission Service (JDTS) and revised rate schedules for Energy Imbalance, Generator Imbalance, and Balancing Authority Real Power Losses.

While not required for use of WAPA's rates for short-term sales, RMR held various customer meetings to provide high-level information regarding the rate schedule changes necessary for WEIS Market participation. WAPA did so to be open and transparent about the need to implement new rates for use in WEIS, with the acknowledgement that the details necessary to begin a long-term public process to develop those rates was not available at the time a long-term public process would need to start. WAPA began detailed customer engagement on the rates on November 6, 2020, with the website posting and an email distribution of the "Rocky Mountain Region Proposed Rates for WEIS Market Participation" Customer Rate Brochure. Again, while the posting of a rate brochure is not required to implement rates for short-term sales, it was done to provide detailed information regarding those rates to customers prior to implementation and to allow customer comments.

RMR requested comments on the proposals in the brochure by November 27, 2020. On December 4, 2020, RMR and CRSP sent consolidated responses by letter to the two customers that had submitted comments. Those responses were also posted on WAPA's RMR and CRSP Rates websites. The focus of the comments was the new WAPA Administrative Fee and WAPA's OATT revisions and timing of the filing with FERC. It is important to mention that although they did not submit comments on the brochure directly to RMR, Black Hills Service Company, LLC., attached the November 6<sup>th</sup> version of the brochure to their Motion for Leave to Answer filed with FERC on November 20, 2020. On December 8, 2020, RMR posted an update to the customer rate brochure. It reflects current updates on WAPA's OATT revision filing, the new business practices, the process schedule, and it also includes revisions resulting from the customer comments. The updated brochure is attached for your information.

RECOMMENDATION:

The Administrator is granted authority in Delegation Order No. 00-037-00B, Section 1.5, to develop and place into effect on a final basis, rates for short-term sales of capacity, energy, and transmission service.<sup>1</sup> I recommend you approve these rates for short-term sales to cover the period from the later of February 1, 2021, or the actual commencement date of the WEIS Market, and extending through September 30, 2021, or until superseded by other rate schedules, whichever occurs earlier.

Jack D. Murray  
Acting, Senior Vice President and  
Rocky Mountain Regional Manager

5 Attachments

APPROVED FOR LEGAL SUFFICIENCY BY:

\_\_\_\_\_  
Ronald J. Klinefelter  
Assistant General Counsel

APPROVED: \_\_\_\_\_

DISAPPROVED: \_\_\_\_\_

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<sup>1</sup> By Delegation Order No. 00-002.00S, effective January 15, 2020, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary of Energy. By Redelegation Order No. 00-002.10E, effective February 14, 2020, the Under Secretary of Energy further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. By Redelegation Order No. 00-002.10-05, effective July 8, 2020, the Assistant Secretary for Electricity further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA’s Administrator.