

# WAPA-206

# Rate Discussion

Meeting 2 – DSA & WRF Q

Thomas Hackett

CRSP Customers and Interested Parties

August 24, 2022



# Agenda

- CRSP Power Delivery
- Questions & Comments



# CRSP Power Delivery

- Deliverable Sales Amount (DSA)
- Western Replacement Firming (WRF)



# Deliverable Sales Amount (DSA)

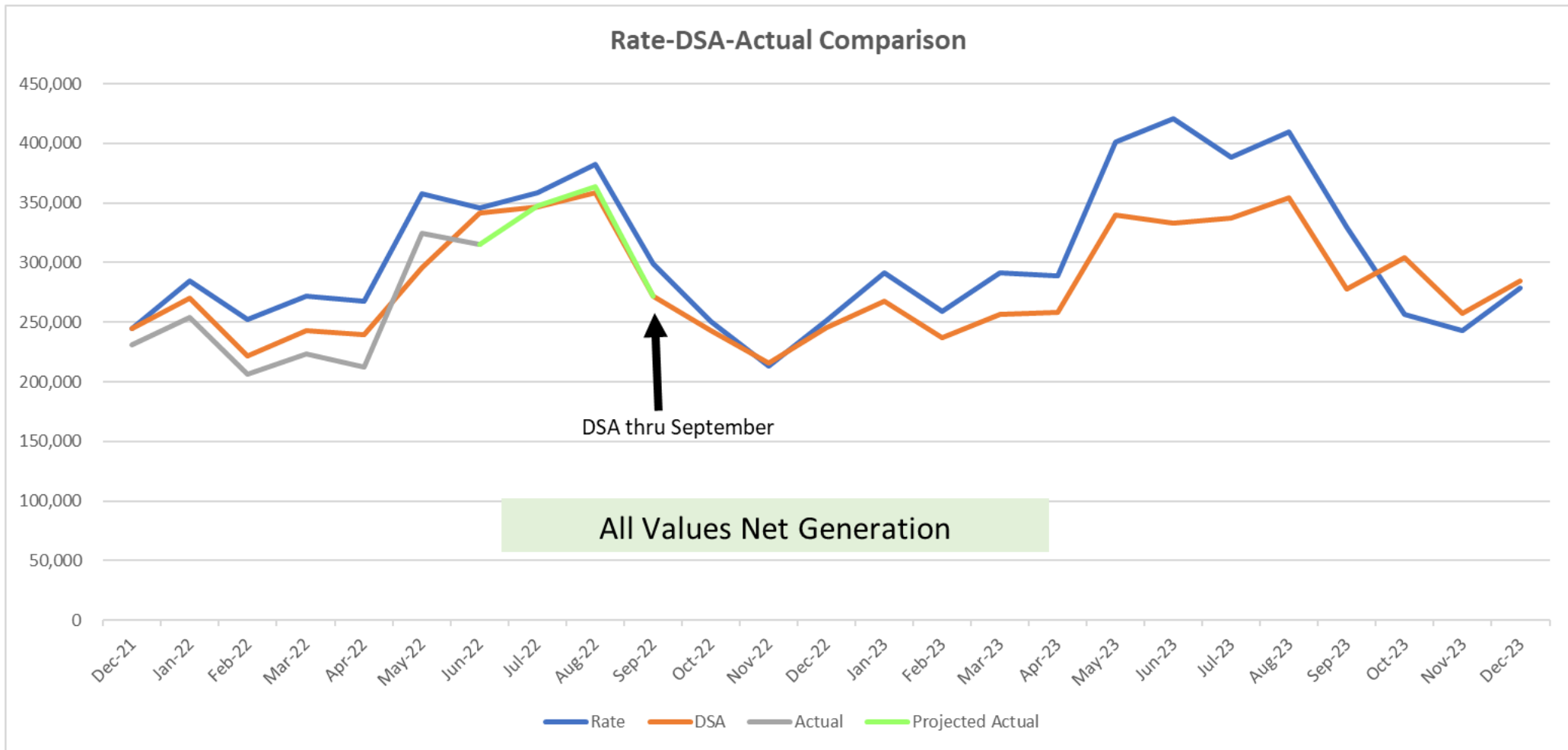


# Deliverable Sales Amount (DSA)

- Currently first two years in rate based on Reclamation 24-month Study, remaining three years in the rate on CRSS traces
- Quarterly updates based on Reclamation 24-month Studies
- If Actuals fall below quarterly update, we firm to the DSA
- If unable to generate at Glen Canyon, provide 30 days notice and reset the DSA



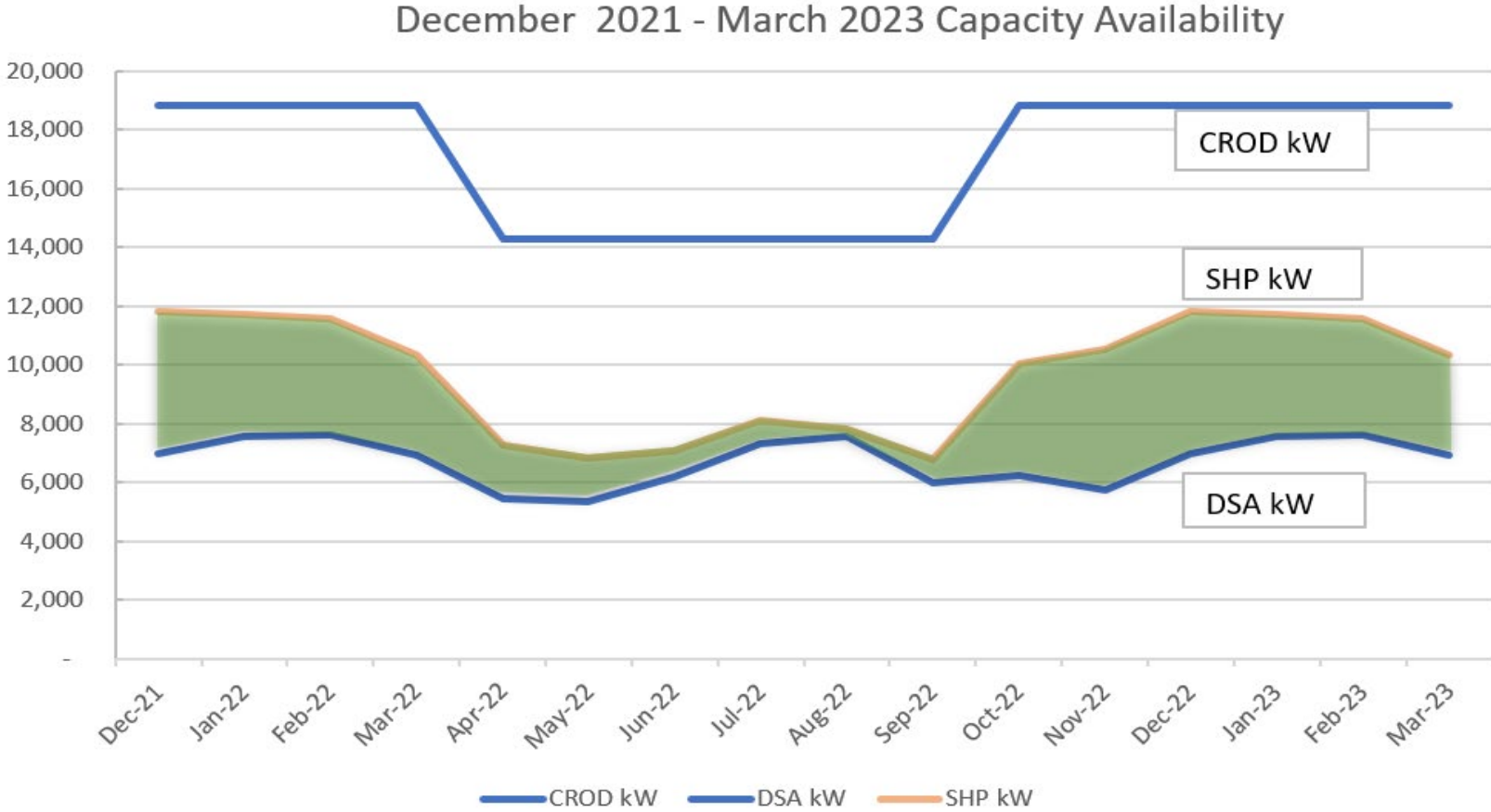
# Deliverable Sales Amount, continued



# Western Replacement Firming (WRF)

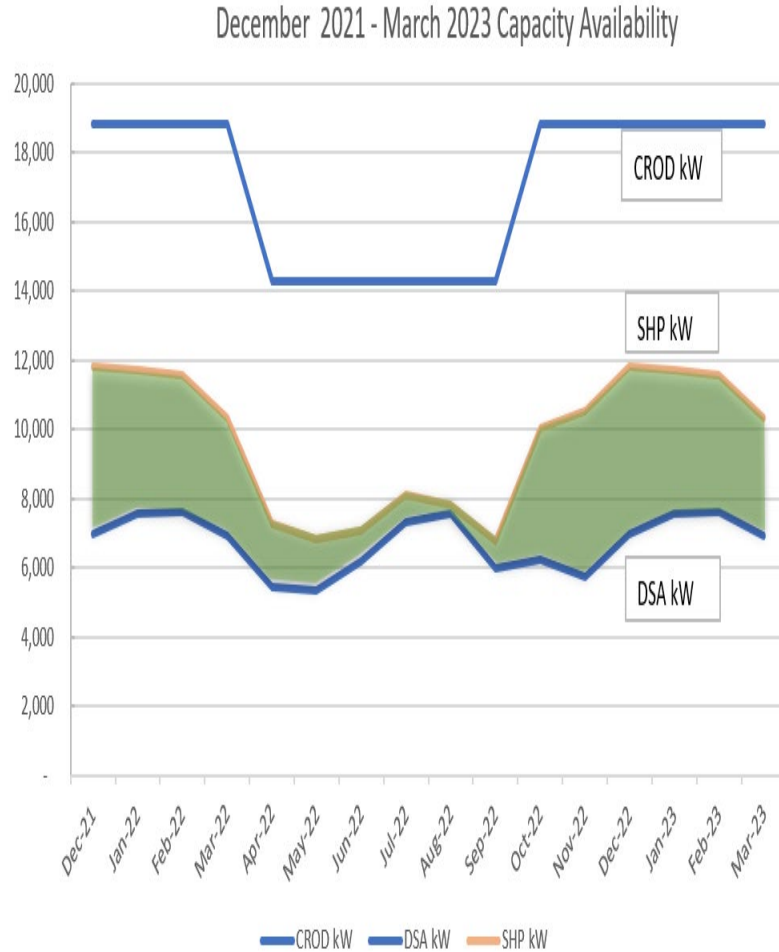


# Shaded Area shows Western Replacement Firming





# What is WRF?



Difference between hydropower forecast (deliverable sales amount) and each customer's existing monthly SHP energy and capacity allocation.

Forecasted by WAPA on a **quarterly** basis – for each month of the **quarter**.

- Each **quarter**, customers will choose to either receive their full seasonal SHP capacity and energy allocation, or not.
- Estimated monthly projections of market energy costs will be provided prior to each **quarter**; each customer determines if WRF makes sense financially for their organization.

Selecting full allocation will require that the customer take WRF. With WRF, the customer will receive their full SHP energy and capacity allocation. Existing SHP scheduling rules will apply.

Shown on **Quarterly** Attachment to Exhibit A



# What will WRF cost, if I request it?

Each customer's cost for WRF is its proportional share of firming costs.

- The firming cost is the expense required by WAPA to deliver the customer's SHP capacity and energy above the generation of the SLCA/IP facilities.

It will be calculated each month and assessed to those customers who request it.

- No administrative fee will be added to the quarterly Replacement Firming as proposed, nor will losses be assessed to the customers for this quarterly product.



# What if I do not want or need WRF?

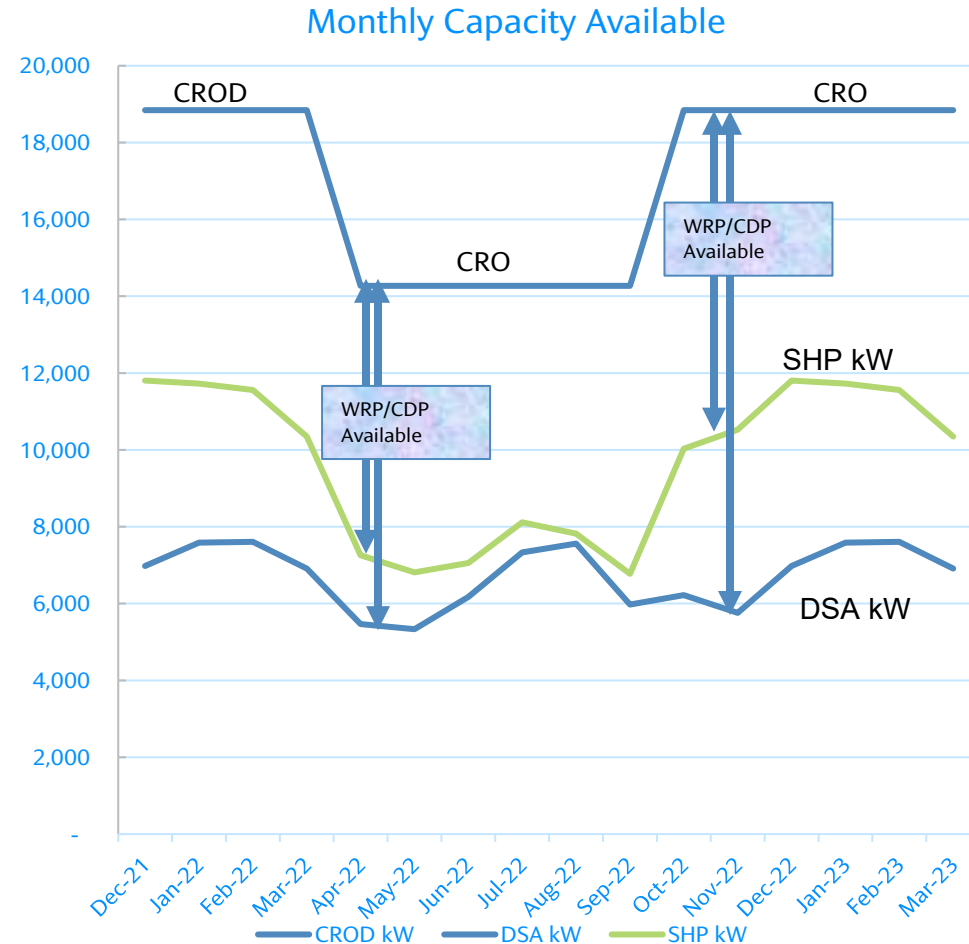
- Customers not electing WRF will receive their proportion of WAPA's forecasted SLCA/IP hydropower - this is the DSA amount.
- Customer not electing WRF will be able to schedule up to the given capacity amounts and be able to schedule the given monthly allocation of energy.
- Customers only receiving hydropower, will be assessed the base hydropower rate, which was discussed earlier.



# Can I still participate in the Western Replacement Power (WRP) and Customer Displacement Power (CDP) programs?

Yes. The WRP and CDP programs will function as they do now.

- The amount of WRP available is difference between scheduled capacity and CROD.
- Seasonal CDP requests can be made for difference between scheduled capacity and CROD.
  - WAPA must approve CDP requests.



# Are the seasonal SLCA/IP allocations of capacity and energy a firm product?

Yes. WAPA will forecast SLCA/IP available capacity and energy **quarterly**.

- It is still a forecast, and forecasts are subject to error.

Over the **three** months of the **quarter**, capacity and energy could be less than what was forecasted. WAPA will firm up to the capacity and energy amounts.

- WAPA may have to purchase firming energy in order to meet its **quarterly** obligations.



What if there is more hydropower than forecasted?

The AHP program will continue as now and provided to customers under that program.



# Questions & Comments



# Questions & Comments

- WAPA Questions & Comments
- Customer & Interested Parties Questions & Comments



# CRSP Questions and Comments





# CRSP Questions & Comments

- Comments

- I think CRSP has done a great job being innovative and proactive to try and do what is best for our customers as well as the project and everyone should be very proud of this!
- With regard to the lessons learned looking back over past 6 months, it seems we had instances where the information did not flow correctly from WAPA to customer, or customer to WAPA, or WAPA to WAPA accurately.
- If this is going to be around for a few years to come, it may be worth our time to partner with IT to develop a more sophisticated and automated process for both customer and WAPA to coordinate this... I'm assuming the customer may also appreciate an electronic way to communicate their WRF requests to us.
- Be as flexible as possible until we have the new Interim Guidelines

- Questions

- My understanding was this was only going to be a temporary solution (2 years) until our new contracts went into place in 2024? Are we continuing to see drought that is causing us to consider making this a longer process? How long do you foresee we would need to continue? Would it be possible to lower the FES allocations starting in 2024 to match our hydro forecast and then allow for the option (as we do today) to provide AHP if the hydrology looks more promising than our current forecasts? I don't feel this is a good permanent solution for long term drought, but If we need to continue this process, I would like to request we spend some time on a more efficient way to streamline the process. I feel it would not only benefit us, but our customers as well.



# CRSP Comments & Questions, contd

- DSA and WRF
  - Seeking feedback on how DSA and WRF are working
  - Why are so few using WRF?
- Feasible Alternatives to DSA and/or WRF?
- CRSP Concerns:
  - Lost Sales when DSA is below rate
  - Firming Purchases when actuals are below rate
  - Neither is accounted for in the rate – yet.



# Customer Comments & Questions





# Comments & Questions

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- In addition to commenting here today, please send Comment's and Questions to the rate adjustment email:
- [CRSPMC-rate-adj@WAPA.GOV](mailto:CRSPMC-rate-adj@WAPA.GOV)



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