

# AEPCO-CAWCD-SPPA-WAPA DSW Market Study Update

## May 26, 2020

### **Market Study Overview**

The Arizona Electric Power Cooperative (AEPCO), Central Arizona Water Conservation District (CAWCD), Southwest Public Power Agency (SPPA) and the Western Area Power Administration's Desert Southwest Region (WAPA DSW) are collaborating in an examination of the prospects of participating in either the California Independent System Operator's Energy Imbalance Market (CAISO EIM) or the Southwest Power Pool's Western Energy Imbalance Service (SPP WEIS).

Two separate analyses are being conducted.

A market participation benefits analysis is being conducted for the group by Energy & Environmental Economics (E3). Similar to analyses that have been conducted by a number of other utilities in the Western U.S., looking at the representative future year 2024, this effort will identify estimates of the benefits of participating in either the EIM or the WEIS for each study participant.

A market participation cost analysis is being conducted for the group by Utilicast. Again, similar to analyses that have been conducted by a number of other utilities in the Western U.S., this effort will identify estimated ranges for the initial and ongoing annual costs associated with choosing to participate in either EIM or WEIS.

The overall net effect of benefits and costs will then be determined. Each study participant may use this information to inform its own independent market participation decision.

### **Current Status**

The benefits assessment will be accomplished via a production cost analysis of the entire interconnected Western U.S. grid in five minute increments. Data has been assembled and the production cost simulation effort is under way.

Regarding market participation costs, an initial identification of the gaps between existing business systems, processes, infrastructure and software versus those that will be needed for market participation has been completed. Further assessment of market participation costs is being conducted.

### **Market Study Completion**

The study participants are striving to complete this effort by the fall of 2020. Study participants believe that their earliest possible participation date in either EIM or WEIS is 2022.

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