

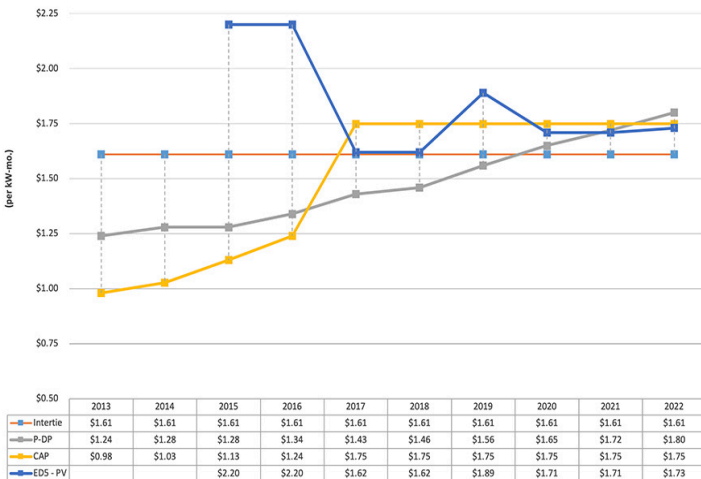
DSW One Transmission Rate



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 enhance the value of the Desert Southwest region's (DSW) multiple federal projects is to pursue a single rate for DSW's transmission systems, otherwise known as the One Transmission Rate (OTR).

Transmission Project Rate History



Over time, the transmission service rates of these projects have reached near parity. Customers have encouraged WAPA to investigate combining the transmission rates of the DSW projects, and in 2019, customers and DSW employees jointly agreed that exploring a combined transmission rate is one of the top three initiatives for the region.

The evaluation would include combining the transmission line rates of:

- Parker-Davis Project
- Intertie Project
- Central Arizona Project
- ED5-Palo Verde Hub Project

There are numerous potential benefits to DSW's OTR, including:

- Allowing more efficient scheduling and use of DSW's transmission system.
- Eliminating rate pancaking from one individual DSW transmission project to another.
- Providing rate stability for transmission service regardless of DSW transmission project and developing transmission cost allocations appropriate for federal projects.
- Reducing administrative costs for DSW to manage four different transmission rates.

WAPA is in the beginning stages of exploring this concept and is partnering with customers to evaluate this idea and how to develop the OTR. One option under consideration is to combine the individual revenue requirements into a single revenue requirement with a single rate.

OTR Footprint



Repayment will continue at the individual project level and the projects will remain financially independent. Revenue for each project will likely be based on its percentage of the total revenue requirement.

If WAPA determines the OTR is mutually beneficial, the tentative plan is to begin a formal rate-making process in 2022 with an effective date of Oct. 1, 2023.

For more information and to participate in the discussion, contact dswpwrnk@wapa.gov.