

Informational Customer Meeting, Questions - from December 15, 2020

	Question(s)	Response(s)
1.	Why is the FRR implementation date moving up?	USBR requested early implementation for FRR because of the potential water savings. FRR is a more specialized spinning reserve.
2.	Is there a rate for FRR?	There is not a market for FRR at this time; therefore, the decision was made to use WAPA's existing spin rate since FRR is similar to spin. Once a market is established for FRR, the rate will be the greater of WAPA's cost or the market rate.
3.	Do you know the current spin rate?	The current spin rate is \$3.05.
4.	<p>On the website there is a Twelve-Month Forecast of CVP Generation and Base Resource. The table has columns for CVP generation, Project Use, First Preference and Regulation & Reserves. In the Reg & Res column, there is an estimated ancillary services capacity of 182 MW each month.</p> <p>a. Do you expect that the quantities of MW will change due to providing FRR?</p> <p>b. If so, do you have that number?</p> <p>c. Which column in the table does FRR relate to in the forecast?</p> <p>d. Do the MW projections not change the capacity?</p>	<p>a. The MW quantity under the Reg & Res column of the forecast is expected to change due to FRR.</p> <p>b. The change in MW quantity is not known at this time. It would take time to see the effect of FRR on the operating reserves requirements.</p> <p>c. The Reg & Res column pertains to WAPA's total operating reserve obligation, hence, FRR will be included in the quantity in this column.</p> <p>d. The estimated AS capacity projection in the Reg & Res column is used in the calculation of the estimated Project Capacity for Base Resource. The AS capacity projection is based on spinning reserve and regulation capacities on average monthly long-term basis.</p>
5.	When will the customer portal be updated?	The new displays will be seen in the customer portal on Jan 7, 2021 to purchase FRR and other products.

6.	Regarding the Flex Ramp cost could there be a different rate using both spin and non-spin costs blended together?	WAPA agreed to review the cost of non-spin and to evaluate whether it should lower its Flex Ramp cost. When evaluating the market price for spin vs non-spin, there is a large disparity between the two prices; however, the market settlement price does not reflect WAPA's cost. When evaluating WAPA costs, we did not use plant costs, since those are embedded in the PRR. Benefits/revenues from the sale of surplus products will be applied to the PRR to lower the overall total, they are not attributed to a specific element of plant cost. To determine the costs, WAPA reviews our cost to participate in the CAISO Market, not the market settlement price, nor plant cost. WAPA found our cost for spin and non-spin are exactly the same. Therefore, both the balancing and flex ramp products will be sold at a single monthly cost, as determined by the greater of WAPA's cost or the BANC market settlement cost. In December 2020, the WAPA cost is \$3.05. This cost may be adjusted on a monthly basis.
7.	Looking again at the Twelve-Month Forecast of CVP Generation and Base Resource table on the website, what does the Reg & Res represent; is it just today, or will the FRR and Resource Sufficiency products change the 182 MW forecast in the future up or down?	The Reg & Res column pertains to WAPA's total operating reserve obligation and is based on spinning reserve and regulation capacities on average monthly long-term basis. It is used in the calculation of the estimated Project Capacity for Base Resource. FRR is expected to change the MW quantity under the Reg & Res column; however, the Resource Sufficiency Product is not expected to affect the MW quantity.
8.	Is this the first time WAPA presented the month ahead limitation for balancing and flex ramp? Is the Total (15 MW) the total for all parties or split amongst the parties?	The month ahead amount of 15 MW is split amongst the parties. WAPA has been talking about this in the meetings.
9.	For the short-term rate for FRR, is there a comment period?	There is no comment period for the short-term rate. It will go to our Administrator for approval and become effective on January 7, 2021. The rate charged will be WAPA's spin rate, until a market for FRR is developed.