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Western Area Power Administration *Powering the energy frontier*



WAPA and Markets

Volume 4, Issue 1
March 2023

Welcome to the March issue of the *WAPA and Markets* newsletter. This issue provides timely updates across WAPA's major energy market activities currently under development.

WAPA continues to be active in multiple market initiatives across the West including:

- Evaluation of full membership in the Southwest Power Pool (SPP) Regional Transmission Organizations (RTO) for UGP, RM and CRSP in the Western Interconnection.
- Implementation of the California Independent System Operator (CAISO) Energy Imbalance Market (EIM) in DSW.
- Participation in the evaluation of the SPP Markets+ and CAISO Extended Day Ahead Market (EDAM) day-ahead markets proposals.
- Evaluation of expanding of our participation in the Western Power Pool (WPP) to include the Western Resource Adequacy Program (WRAP).
- Support for Department of Energy (DOE) transmission and market studies to analyze scenarios involving the Western and Eastern Interconnections.
- Participation in the Western Markets Exploratory Group (WMEG) with multiple other utilities to focus on collaboratively developing long-term solutions that will improve market efficiencies in the West.

Details about these activities are included below.

Several WAPA regions evaluating next steps in SPP RTO initiative

WAPA's Administrator and CEO has decided to proceed with a *Federal Register* notice (FRN) process to solicit formal comments from customers and other stakeholders on whether or not WAPA should proceed to final negotiations for full membership in the Southwest Power Pool Regional Transmission Organization. WAPA's Colorado River Storage Project (CRSP) and Rocky Mountain (RM) regions are considering full membership. The Upper Great Plains (UGP) region would expand its participation in the SPP RTO in the Western Interconnection.

The FRN does not represent a decision to join or expand participation in the SPP RTO. Instead, the purpose of the FRN is to provide a forum for formal comments from our customers and other stakeholders to help inform our decision about whether or not WAPA should proceed to the next steps and enter final negotiations to join or expand participation.

Publication of the FRN is expected in late March or early April and will initiate a 45-day public comment period. WAPA will carefully consider all comments received to decide whether full SPP RTO membership in the Western Interconnection will provide long-term value for CRSP, RM and UGP customers amid a rapidly changing electric industry. A decision about whether or not to proceed to final negotiations is expected to be made in June.

Stay apprised on the latest news regarding this effort at the [SPP RTO membership effort webpage](#) located on [The Source](#).

DSW conducts EIM parallel operations

Desert Southwest began parallel operations on Feb. 2 in preparation for the region's transition into the CAISO EIM. On Nov. 3, DSW filed its adjusted Open Access Transmission Tariff with the Federal Energy Regulatory Commission (FERC).

Parallel operations and the minor rate adjustment process for EIM participation will both be completed shortly before going live. DSW anticipates joining the EIM in April 2023 as scheduled.

More information on DSW's effort is available on the [DSW energy imbalance market activities webpage](#).

Day-ahead markets updates

Both CAISO and SPP continue progressing with their proposed day-ahead market offerings.

On Feb. 1, the CAISO Board of Governors and the EIM Governing Body approved the CAISO Extended Day Ahead Market proposal. The next step is for CAISO to post draft tariff language for stakeholder review and comment. Then, CAISO will submit the tariff language to FERC for approval. The tariff filing is expected to occur by late summer 2023. Subject to FERC approval, CAISO expects its EDAM market to go live in 2024. PacifiCorp has committed to participation and will work on its own tariff revisions. Other announcements about participation may be made in the coming months.

SPP posted its Markets+ final draft proposal in November 2022. The initiative now proceeds to a "Phase 1" where entities are expected to commit \$9.7 million over 21 months to develop market protocols, tariff language and governing documents. Three entities, including the Bonneville Power Administration, have executed Phase 1 funding agreements and others are expected to soon. Subject to FERC approval, SPP targets its Markets+ launch for 2026.

For more information on both day-ahead market designs, visit the [SPP Markets+](#) and [CAISO EDAM](#) webpages.

Western Resource Adequacy Program

WRAP is designed to help utilities coordinate resource adequacy both in terms of generation and the transmission to deliver it. WRAP complements the existing energy imbalance markets, the proposed day-ahead markets and the SPP RTO being evaluated by entities in the Western Interconnection. SPP is the program operator.

FERC approved the WRAP tariff filing in February 2023, and WAPA's regions are actively engaging with WPP and WRAP participants on whether to join, and how to address who takes responsibility for the RA requirements under different types of contractual arrangements. Solutions will vary by WAPA region and marketing plan.

Department of Energy (DOE) transmission and market studies

WAPA continues to support DOE transmission and market studies with the primary objectives of ensuring our systems are accurately represented and reflecting the interests of our customers as appropriate.

WMEG costs and benefits study extended

In August 2022, twenty-two of the Western Markets Exploratory Group members and Utilicast contracted with E3 Consulting to perform an adjusted production cost-benefit study that evaluates day-ahead market services.

Previously, WMEG hoped to complete this work product by the end of Q1 2023. In the interest of broader participation from western entities, the data requirements for the cost-benefit study expanded and timelines changed to facilitate acquiring and providing data to be modeled in the study. WMEG now anticipates deliverables closer to the end of Q2 2023.

Thank you for reading the *WAPA and Markets* newsletter. For more information, call your regional representative or visit the [WAPA and Markets webpage](#) on The Source.

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