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Western Area Power Administration

Powering the energy frontier



Dear Customers,

The energy industry is undergoing a transformational evolution that has affected every corner of the business, from bulk electric system operations, to marketing assumptions, to distribution services. These developments have given rise to an increasingly dynamic system far different than what we have managed in the past.

WAPA has proactively adjusted and responded to the changing energy landscape for more than 40 years, evaluating various alternatives and partnering with customers and other stakeholders to select the best path forward. These explorations and collaborations have led to most of WAPA joining a market or energy imbalance market over the past six years to ensure continued reliable and affordable service to our customers now and in the future.

Throughout all our evaluations, we have remained committed to our core mission and vision, understanding that one size does not fit all and that collaboration and partnership are central to WAPA and our customers' collective success.

After more than two years of analysis and collaboration with our customers, our final region has selected its preferred route for energy imbalance management based on regional circumstances and customer needs. Desert Southwest signed an implementation agreement with the California Independent System Operator to join the Western EIM in 2023. You can read the [recommendation memo](#) behind this decision at [DSW's EIM webpage](#).

The agreement applies to DSW's Western Area Lower Colorado Balancing Authority and the region's projects, including the generation resources in Boulder Canyon and Parker-Davis projects and the transmission systems of Central Arizona Project, PDP and the Pacific-Northwest-Pacific Southwest Intertie Project. Also included are the Arizona Electric Power Cooperative sub-BA, Central Arizona Water Conservation District, the Southwest Public Power Agency and DSW's other customers.

Joining the EIM will support WALC's ability to meet regulatory requirements for reliable operations, enhance real-time trading opportunities, provide efficient and affordable operations and address BA limitations and constraints due to the loss of bilateral trading partners to market constructs.

I wish to extend my sincere appreciation to all those involved in the study effort for their time, flexibility and dedication in this important matter. Now we begin the significant work of preparing, testing and moving into the EIM, which I am confident will also be successful.

The implementation comes on the heels of other successful moves into alternative energy imbalance management options, including Sierra Nevada's move into the EIM and the Upper Great Plains-West, Colorado River Storage Project and Rocky Mountain region transition into the Southwest Power Pool Western Energy Imbalance Service.

We continue to explore other market and market-related efforts in the Western Interconnection, all with the goal of preserving and strengthening the value of WAPA and our customers in the dynamic energy frontier. It is vitally important we continue to build on our historic successes as we navigate the changing environment and meet our obligations to customers and the nation.

Tracey A. LeBeau | Administrator and Chief Executive Officer

Department of Energy

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