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The decision by the WAPA-Colorado Missouri (WACM) Balancing Authority (BA) to join the SPP RTO through the RTO West initiative will have a significant impact on Black Hills Energy - with unquantified benefits for those who take services from WAPA. Black Hills Energy (BHE) has two electric utility operating companies that take BA services from WACM - Black Hills Power and Cheyenne, Light, Fuel & Power. Collectively, these two utilities comprise roughly 700 MW of load and over 800 MW of resources within the current WACM BA footprint. If WACM joins the SPP RTO through the RTO West initiative, BHE will be forced to find an alternative Balancing Authority provider or create its own BA.

BHE has reviewed the information published by WAPA outlining the projected benefits of joining RTO West but has concerns that the expected unquantified benefits (balancing challenges and consolidated tariffs, among others) could either be accomplished outside of RTO West or may not be benefited by RTO West due to the expected market footprint. BHE's understanding is that the RTO West footprint will be relying on much the same resources that exist today to provide balancing in the market, with the elimination of resources from those which not choose to also join RTO West. Additionally, WAPA had explored transmission tariff consolidation in the past and abandoned that effort due to potential detrimental impacts on their customers. That should raise questions about if the move to RTO West, and the tariff consolidation that will accompany it, will now be beneficial.

BHE also believes there is much greater benefit relative to cost to be realized for WAPA and its customers simply through pursuit of the SPP Markets+ initiative. There have been several studies over the past 10 years that demonstrate the larger the market footprint in the west, the greater the value to customers. BHE appreciates that at the time that WAPA committed to evaluate RTO West, Markets+ was in an initial development phase - with no firm commitments to move forward. The situation today is very different, with significant financial commitments made by utilities across the western interconnect (including Bonneville Power Authority and WAPA-Desert Southwest) to develop tariff language and market protocols to be filed at FERC. The Markets+ initiative represents a significant opportunity for WAPA and the other RTO West parties to directly participate in a much larger market. WAPA should provide its customers with a documented side by side comparison between joining the RTO West wholesale, and joining the Markets+ construct now being offered by the SPP. Joining RTO West is a decision that is not easily reversible with the high fees to depart the SPP

RTO West framework and should not be taken lightly without fully vetting the alternatives. Specifically, will the Markets+ framework with lower costs and likely more resource participation be a greater value to customers than the RTO West framework with less resources and higher cost?

In summary, the move by WAPA to join RTO West will have a direct impact on BHE as well as existing WAPA customers. Furthermore, there are other options available to WAPA that could provide even greater benefits relative to the cost across a much larger market footprint which have not been analyzed by WAPA. These options should be formally analyzed before a decision as impactful (and effectively un-reversible) as joining the RTO West is undertaken.

Sincerely,

Eric Egge
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Black Hills Energy