

ELECTRICAL DISTRICT

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NUMBER TWO, PINAL COUNTY

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June 6, 2023

Via U.S. Mail and Email

Rebecca Johnson
Transmission and Power Markets Advisor
Western Area Power Administration,
12155 West Alameda Parkway
Lakewood, CO 80228-8213
SPP-Comments@wapa.gov

RE: Comments of the Electrical District No. 2, Pinal County, Arizona re Notice of Recommendation for the Western Area Power Administration's Rocky Mountain Region and Colorado River Storage Project Management Center to Pursue Final Negotiations for Southwest Power Pool Regional Transmission Organization, and for Expanded Participation by Upper Great Plains Regional in SPP RTO (88 Fed. Reg. 26298, April 28, 2023) ("Notice of Recommendation")

Dear Ms. Johnson:

Electrical District No. 2, Pinal County, Arizona ("ED2") submits the following comments on the Notice of Recommendation published in the Federal Register by the Western Area Power Administration ("WAPA") on April 28, 2023 (88 Fed. Reg. 26298).

Background

1. ED2 is an electrical district established in 1923 and operating pursuant to Title 48, Chapter 17 of the Arizona Revised Statutes. ED2 is a political subdivision of the State of Arizona and serves over 6,000 irrigation pumping, residential, commercial, and industrial consumers in Pinal County, Arizona.

2. ED2 has executed a contract for Firm Electric Service ("FES") with WAPA for capacity and energy provided by the Colorado River Storage Project ("CRSP").

3. CRSP has provided long-term energy and resource adequacy ("RA") benefits equitably to both Upper and Lower Basin regions. Recent assessments conducted by the North American Electric Reliability Corporation and Western Electricity Coordinating Council have identified a significant capacity shortfall in WAPA's Desert Southwest Region. Such capacity shortfall, coupled with increased volatility in the wholesale power markets, increased costs of

goods and services, and supply chain disruptions greatly support the need for continued accessibility and affordability of the CRSP resource to ED2.

Comments Regarding the Recommendation

4. To the extent that WAPA determines (or has determined) that it will join the Southwest Power Pool (“SPP”) Regional Transmission Organization (“RTO”), WAPA is obligated to ensure that the attributes of the CRSP resources are preserved for all customers. As a condition of WAPA agreeing to enter into final negotiations with SPP, ED2 requests WAPA declare in the final decisional document to enter final negotiations that WAPA will ensure equal and full access to the CRSP resource and resource attributes for FES customers located inside and outside of the SPP RTO footprint in accordance with existing FES contracts.¹ Further, WAPA must indicate that it will not finalize membership in SPP for CRSP if WAPA cannot secure the necessary arrangements to provide the benefits of FES contracts through participation in SPP. Failure to mandate this condition as a prerequisite to WAPA agreeing to final negotiations would suggest that WAPA does not intend to address the discriminatory treatment and disadvantage to customers located outside of the footprint.

5. In fact, only about 12 percent of CRSP resource would be delivered inside CRSP’s prospective SPP zone.

6. Customers such as ED2 must be assured the same attributes of the CRSP resources will be provided to the customers located inside and outside of the SPP RTO footprint through final negotiations and implementation of readily known technical solutions described in greater detail in the “Colorado River Storage Project Bifurcation – Principles Attachment A”.

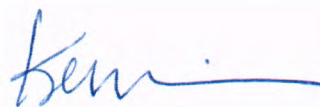
7. Consistent with Section 1232 of the Energy Policy Act of 2005, WAPA must specifically delineate how any final agreement executed between SPP and WAPA will ensure consistency in delivering the full benefits of existing FES contracts in the final decision to proceed with negotiations. Failure to respond to this request and document an intent to honor contractual obligations will indicate that WAPA does not intend to honor the terms and conditions of the FES contracts and will demonstrate an anticipatory abrogation of WAPA’s contractual obligations to FES contractors.

¹ This would appear to be a fundamental concern of the majority of CRSP contractors as WAPA has admitted that “only about 12 percent of CRSP resource would be delivered inside CRSP’s prospective SPP zone.” See Recommendation Regarding Membership in the Southwest Power Pool Regional Transmission Organization at p. 38. Accessed at <https://www.wapa.gov/About/keytopics/Documents/spp-rto-recommendation-report.pdf>.

Dated this 6th day of June, 2023.

Electrical District No. 2, Pinal County, Arizona

By

A handwritten signature in blue ink, appearing to read "Ken", followed by a horizontal line.

Kenneth W. Robbins
General Manager

CC: Senator Krysten Sinema (chris_phalen@sinema.senate.gov)
Senator Mark Kelly (nick_matiella@kelly.senate.gov)
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Attachment A: Colorado River Storage Project Bifurcation–Principles

Executive Summary

The Colorado River Storage Project (CRSP) has provided long-term energy and resource adequacy (RA) benefits equitably to both Upper and Lower Basin regions. Western Area Power Administration (WAPA) CRSP's consideration to join the Southwest Power Pool Regional Transmission Organization (SPP RTO) should ensure that the attributes of the CRSP resources are preserved for all customers. ED2 is requesting WAPA negotiate the necessary terms to provide for a "bifurcation" of the CRSP resources so that customers outside the SPP RTO footprint are assured the same attributes of the CRSP resources that will be provided to the customers located inside the SPP RTO footprint.

Principles

- Joining an organized market should not make a WAPA provided resource less valuable for a customer who is located outside of a market footprint.
- WAPA must negotiate with an organized market to ensure the benefits provided under the Firm Electric Service (FES) contracts are delivered regardless of the customer's location.
- Securing Dynamic Transfer of Southern Customers' allocations into WALC is a solution that could be used with hydroelectric projects use and RTO seams.
- CRSP Dynamic Transfer would be accordance with terms of the NERC dynamic transfer electronic signal and integration guidelines. Dynamic Transfer Reference Document Terms¹:
 - Dynamic Transfer Signal (DTS): The electronic signal used to implement a Pseudo-Tie or Dynamic Schedule using either a metered value or a calculated value.
 - Integration: Dynamic Schedule and Pseudo-Tie above means the value could be mathematically calculated or determined mechanically with a metering device and incorporated into the associated ACE calculations for the Attaining and Native BA.
- The Dynamic Transfer would split/bifurcate CRSP resource deliveries between WACM and WALC.
- The Dynamic Transfer would be calculated in accordance with the capabilities and limitations of the CRSP resources and Southern Customers' FES contractual allocations.
- The bifurcation would not allow for a customer to control or dictate project operations, WAPA in coordination with Reclamation would have ultimate control of the generations.
- Customers shall continue to communicate, submit, and make schedule changes in accordance with the CRSP Scheduling, Accounting, and Billing Procedures (SABP).
- CRSP may choose to de-rate real-time parameters to satisfy operations, including the modifications to ramp rates and capacity schedules set forth in pre-defined system operating procedures.
- The Dynamic Transfer bifurcation solution will require communication connectivity, unit testing, integrations, and reporting.
- The bifurcation solution shall not delay Upper Basin entities potential of future SPP RTO participation and shall be transitioned in a manner that allows for proper testing, tuning, and system operating procedure development.

¹ Dynamic Transfer Reference Document, Version 4, Terms – Page IV

https://www.nerc.com/comm/OC/ReferenceDocumentsDL/Dynamic_Transfer_Reference_Document_v4.pdf.