



ELECTRICAL DISTRICT NO. 3 OF PINAL COUNTY

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**RE: Electrical District No. 3 of Pinal County, Arizona
Comments re Notice of Recommendation for 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 Membership, and for Expanded
Participation by Upper Great Plains Region in SPP RTO (88 Fed. Reg. 26298
(April 28, 2023))**

Dear Ms. Johnson:

Electrical District No. 3 of Pinal County, Arizona (“ED3”) respectfully submits these comments in response to Western’s Notice of Recommendation (88 Fed. Reg. 26298 (April 28, 2023)).

Background

1. ED3 is a consumer-owned electrical district established in 1926, which serves approximately 32,000 electricity consumers in Pinal County, Arizona.
2. ED3 has executed a contract for Firm Electric Service (FES) with the Western Area Power Administration (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 ED3’s Desert Southwest region. Such capacity shortfall, coupled with increased volatility in the wholesale power markets, increased costs in goods & services, and supply chain disruptions support the need for continued accessibility and affordability of the CRSP Resource to ED3.

Comments Concerning Recommendation

4. To the extent that Western determines – as it appears that it already has determined – to 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. In this regard, the little that Western has shared with its CRSP customers concerning its thought process in pursuing

SPP membership has shown little if any attention to the needs and interests of its CRSP customers located in WAPA's Lower Colorado ("WALC") Balancing Authority Area (BAA). In particular, ED3 notes the following deficiencies in Western's decisional process thus far:

- Western's decisional process concerning its pursuit of SPP RTO membership appears to ED3 to have been driven entirely by Western's assessment of and solicitude for, the interests of Western's Upper Colorado customers who already participate in the SPP's Western Energy Imbalance Service ("WEIS") market. We have seen no analysis by or for Western of the probable impacts of Western's proposed SPP RTO membership specifically to Western's CRSP customers in the WALC BAA, Arizona Public Service Company BAA, Salt River Project BAA, PacifiCorp BAA, Public Service Company of New Mexico BAA; i.e., any BAA's other than the proposed SPP RTO BA. If we are somehow mistaken in that assessment, please provide the relevant studies.
- We also have not seen any analysis of measures Western proposes to take to mitigate potential adverse impacts of its proposed participation in the SPP RTO on DSW customers, including but not limited to the use of dynamic scheduling to avoid potential seams issues. It would be substantially easier to endorse Western's pending choice to pursue SPP RTO membership if Western had made any effort at all to identify and commit to meaningful hold harmless conditions for its DSW customers related to its proposed SPP membership.
- A fair, balanced, transparent, and open decision process requires federal agencies to solicit input from all Parties and typically provide a comparison of the Business as Usual and then Alternatives to study the available Alternatives and hopefully identify the best Alternative that supports the Agency decision. In contrast to this standard, we see no indication that:
 - Western CRSP studied an Alternative of the WAPA CRSP BA including its system and generation being included in the California Energy Imbalance Market (EIM), EDAM, or other western market.
- Western CRSP studied any Alternative to moving the entire WAPA CRSP BA transmission system and generation to the SPP RTO. We see no Alternatives or analyses where WAPA CRSP studied separating the generation in a manner similar to how the Boulder Canyon Project (BCP) separates generation to honor WAPA's contractual obligations to all BCP WAPA Contractors using acceptable NERC regulations for dynamic schedules and pseudo ties to BAA's.
- WAPA CRSP (or anyone else) studied any other Alternatives than SPP membership.
- WAPA CRSP studied any transmission system configuration Alternatives to avoid WECC rated path impacts; loop flow management impacts; affected system rights or contract impacts; or load service and power supply impacts to utilities currently serving their load off the CRSP Transmission System.

- In short, from the perspective of Western's DSW customers like ED3, it seems far preferable for Western to rescind its April 28, 2023 Notice of Recommendation and initiate a comprehensive stakeholder process with its DSR/WALC BAA-based customers, designed to ensure that hold harmless needs connected to an eventual decision to pursue SPP RTO membership will be identified and put in place *before* Western starts down the all-too-irrevocable path of RTO Participation.
5. As a precondition to Western pursuing final negotiations with SPP, ED3 is requesting 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.
 6. In fact, only about 12 percent of CRSP resource would be delivered inside CRSP's prospective SPP zone.
 7. Customers such as ED3 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."
 8. Consistent with Section 1232(e) of the Energy Policy Act of 2005, WAPA should specifically delineate how any final agreement executed between SPP and WAPA will ensure consistency in delivering the full benefits of existing FES contracts in connection with the final decision to proceed with negotiations. Failure to do so will strongly suggest indifference on Western's part to its existing contractual obligations concerning CRSP resources that is inconsistent with the limits expressed in Section 1232(e) of the 2005 Energy Policy Act on Western's authorization to join a Regional Transmission Organization. Any possibility of an anticipatory abrogation of WAPA's contractual obligations to FES contractors is deeply concerning.

¹ Notably, 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>.

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6-2-2023

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Respectfully Submitted **this second day of June, 2023.**

Electrical District No. 3 of Pinal County

By



Brian Yerges
General Manager

Colorado River Storage Project Bifurcation – Principles Attachment A 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. Electrical District No. 4 of Pinal County 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.