



IRRIGATION & ELECTRICAL DISTRICTS' ASSOCIATION OF ARIZONA

Tracey LeBeau
Administrator & CEO
Western Area Power Administration
P.O. Box 281213
Lakewood, Colorado 80228-8213

August 16, 2022

Re: Lower Division Market Concerns with CRSP Entering SPP

Dear Tracey:

On behalf of IEDA, please find the following questions and concerns that we have regarding the proposed entry of CRSP into the Southwest Power Pool.

While Western Area Power Administration (WAPA) has provided numerous customer meetings and opportunities for questions, the complexity of the issue has delayed the development of our questions until now. These complexities include the fact that the benefits of possibly joining SPP need to be analyzed for three separate customer groups; Group 1 – FES customers outside SPP footprint, Group 2 – FES customers within SPP footprint and within the CRSP transmission zone, and Group 3 – FES customers within SPP footprint but outside the CRSP transmission zone.

IEDA is concerned about the long term economic welfare of its customers resulting from the proposed placement of CRSP in the SPP RTO, especially those outside the SPP footprint.

WAPA has been working with The Brattle Group analyzing the issue of joining SPP for some time, but to date, the impacts to the separate groups have not been adequately analyzed or sufficiently shared to assuage all the members of our group. New issues like the additional conservation calls on the Colorado River and the WAPA-199 rate case has added additional variables into the equation, possibly impacting the benefits proposed in the study results. Given the stated “limited benefits” of joining SPP, has WAPA identified a minimum benefit threshold that supports a go-ahead decision for CRSP?

Regional Transmission Organizations involve a lot more than just the transmission system. They tie back to the generation source for the most economical and efficient operation. Lower Division customers, with WAPA-DSW entering the EIM, will have generation sources in two markets. How will Glen Canyon Dam, sitting in SPP, be treated when it comes to Resource

Adequacy issues in the Lower Division? Could a dynamic signal or pseudo tie be developed, so that Lower Division customers could include their contracted capacity in the Resource Adequacy/Reserve Requirements calculations in the EIM and Firm Delivery be assured? Would locating Glen in the EIM provide more value by being in a higher valued market? How would Glen be treated if an emergency call from California comes in, given it is delivering to two markets but sitting in SPP?

Since a portion of the CRSP transmission system resides in the EIM, we are concerned how transmission rights will be treated as the two markets interface. Lower Division customers transmission capacity is currently guaranteed up to CROD. These rights need to be protected. If not, it is likely that some members would have to pay congestion rights and the zonal rates could double if we are only protected up to our DSA level. These CROD rights are protected under Amendment #4. Can you confirm what transmission capacity customers would maintain on the CRSP system if WAPA enters SPP? Would entry into SPP provide congestion protection rights? Would taking the SPP footprint back to Shiprock solve these issues?

Specific to the EIM/EIS interface, how will the current handling of the Four Corners-San-Juan-Shiprock as a common bus be treated in the future? Who is working on this issue and is there a proposed solution? It is unacceptable for the “solution” to impose additional costs on CRSP customers that reside outside of the proposed SPP boundary. A resolution of this situation should be accomplished before WAPA finalizes a decision to place CRSP into SPP.

How will the Federal Service Exemption work for CRSP customers inside the SPP footprint compared to those outside the SPP footprint? This question would apply to things like WRP, CDP, and purchases needed to firm FES delivery commitments. If SPP won't agree to make distinctions needed to maintain economic equality among CRSP customers, is WAPA willing to do so by establishing segregated CRSP rates?

Given all the questions above, the question for our members that ultimately needs to be answered is if SPP is the best market for CRSP? If WAPA-CRSP makes a decision that SPP is the best option, then how will our members be protected through this transition? Given our current understanding based on the provided analysis to date, we cannot not make an informed decision. Therefore, we ask that WAPA-CRSP analyze these issues specific to the different customer groups.

Sincerely,



Ed Gerak
IEDA