Ms. Rebecca Johnson
Transmission and Power Markets Advisor
Western Area Power Administration
12155 West Alameda Parkway
Lakewood, CO 80228-8213

Re: Notice of Recommendation to Pursue Final Negotiations Regarding SPP RTO Membership (88 FRN No. 82; April 28, 2023)

Dear Ms. Johnson:

The Loveland Area Customer Association (LACA) appreciates the opportunity to submit comments in support of the Western Area Power Administration's (WAPA) recommendation to pursue final negotiations to join the Southwest Power Pool (SPP) Regional Transmission Organization (RTO). As mentioned in the Recommendation Report (Report), approximately 90% of the Loveland Area Project (LAP) revenue comes from entities in the RTO expansion initiative, or in the current SPP RTO footprint.

As customers of WAPA, LACA would like to emphasize the "status quo" is not a sustainable option going forward, as the traditional vertically integrated utility model leads to higher individualized costs as compared to a regionalized model with greater cooperation among market participants. LACA agrees with the assessment in the Report that the WAPA Rocky Mountain Region (RMR) operations of the Western Area Colorado Missouri (WACM) Balancing Authority (BA) are increasingly strained between balancing the integration of renewable resources, managing hydropower obligations, and maintaining reliability. As noted in the Report, WACM BA operational costs in the RMR would likely increase if the WAPA regions mentioned in the FRN do not join the SPP RTO. These cost increases would ultimately be passed through to the LAP and WACM customer base without the tangible economic and reliability benefits of regional cooperation that an RTO provides to all its members.

Potential benefits to LACA members have a basis in reality, which can be seen in historical SPP market performances. Notably, in the 2022 SPP Annual Report, the Member Value Statement calculated an average of a 22-to-1 benefit to cost ratio for all current SPP members. SPP also set a record for instantaneous load served by renewable energy at 90.2% on March 29, 2022. SPP has the experience and track record to operate in an environment of increasing renewable penetration while maintaining reliability and providing value to market participants. LACA members who are participating in the Western Energy Imbalance Service (WEIS) market can also attest to this as SPP reported an average 7-to-1 benefit to cost ratio for 2022 for the WEIS participants.

We appreciate the time and resources WAPA has employed to negotiate favorable terms and conditions that protect the firm electric service customers which allow for WAPA to remain focused on its mission. We also acknowledge and appreciate WAPA staff's effort to modify the current operations of the Mt.

Elbert Powerplant to better operate in an RTO. We look forward to continuing mutually beneficial discussions around the Mt. Elbert Powerplant.

It is the opinion of LACA and its members that, if this SPP RTO expansion initiative fails, future terms and conditions of an unknown market may not be favorable to WAPA or its customers. We emphasize that this voluntary approach to joining wholesale markets, as encouraged by FERC Order No. 2000, is the best avenue forward for WAPA, its customers, and Western market participants.

Thank you for your consideration,

Alex Baird

S. Alex Baird

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President – Loveland Area Customer Association