



June 12, 2023

Rebecca Johnson
Transmission and Power Markets Advisor
Western Area Power Administration
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SPP-Comments@wapa.gov

RE: Comments re Notice of Recommendation for Western Area Power Administration's ("WAPA") Colorado River Storage Project Management Center to Pursue Final Negotiations for Southwest Power Pool Regional Transmission Organization Membership (88 *Fed. Reg.* 26298 (April 28, 2023))

Dear Ms. Johnson:

Maricopa County Municipal Water Conservation District Number One, Arizona ("MWD") submits these comments in response to WAPA's Notice of Recommendation (88 *Fed. Reg.* 26298 (April 28, 2023)).

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

CRSP has provided long-term energy and resource adequacy (RA) benefits equitably to both Upper and Lower Basin regions. Recent assessments conducted by NERC and WECC have identified a significant capacity shortfall in MWD's Desert Southwest region. This capacity shortfall, coupled with increased volatility in the wholesale power markets and increased costs in goods and services, make it more important than ever to protect the continued accessibility and affordability of the CRSP resource to MWD.

Comments Concerning Recommendation

To the extent that WAPA determines—as it appears that it already has determined in the Recommendation Report—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 WAPA has shared with its CRSP customers concerning its thought process in pursuing SPP membership shows 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, MWD notes the following deficiencies in WAPA's decisional process thus far:

- WAPA's decisional process concerning its pursuit of SPP RTO membership appears, to MWD, to have been driven entirely by WAPA's assessment of the interests of WAPA's Upper Colorado customers who already participate in SPP's

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Western Energy Imbalance Service (“WEIS”) market. We have seen no analysis by or for WAPA of the probable impacts of WAPA’s proposed SPP RTO membership, specifically to WAPA’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 BAAs other than the proposed SPP RTO BA. Please provide the relevant studies for review and further comment to develop sufficient analysis and customer engagement, before WAPA proceeds with making a decision on pursuing final negotiations with SPP.

- We also have not seen any analysis of measures WAPA 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. If such analysis has not been done, this important issue should be studied before making a decision on entering into final negotiations.
- A fair, thoughtful, transparent, and inclusive decision process requires federal agencies to solicit input from all parties and, typically, to study and provide a comparison of the base case and the alternatives, selecting the best alternative as the Agency decision. In contrast to this standard, we see no indication that:
 - WAPA 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.
 - WAPA 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 like 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 BAAs.
 - WAPA CRSP (or anyone else) studied any Alternatives other 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 WAPA’s DSW customers, like MWD, WAPA should 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 enforceable commitments are in place protecting all

customers' contract rights, *before* making a decision whether to enter into final negotiations for SPP RTO membership. At a bare minimum, WAPA needs to provide the missing analysis identified above, with a supplemental public comment process, before it can make a reasoned decision.

1. As a precondition to WAPA pursuing final negotiations with SPP, MWD is requesting WAPA declare in the final decisional document that it 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 confirm in the final decisional document 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 these conditions as a prerequisite to WAPA agreeing to final negotiations would suggest that WAPA does not intend to address the discriminatory treatment identified, to the disadvantage of customers located outside of the footprint.
2. Customers such as MWD must be assured that final negotiations will require the same attributes of the CRSP resources will be provided to the customers located inside and outside of the SPP RTO footprint through the implementation of readily-known technical solutions described in greater detail in the "Colorado River Storage Project Bifurcation – Principles Attachment A."
3. Consistent with Section 1232(e) of the Energy Policy Act of 2005 (42 U.S.C. § 16431(e)), 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 WAPA'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 WAPA'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.

Respectfully Submitted **this 12th day of June, 2023.**

Maricopa County Municipal Water Conservation
District Number One

By 
Glen Vortherms
General Manager

¹ Notably, this would appear to be a fundamental concern of the majority of CRSP contractors as WAPA has identified 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>.

ORIGINAL

Referenced notice originally published in the *Federal Register* (88 FR 26298) on April 28, 2023.

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. Maricopa County Municipal Water Conservation District Number One 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.