

SOUTHWEST PUBLIC POWER AGENCY, INC.



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June 12, 2023

Rebecca Johnson
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WESTERN Area Power Administration
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RE: SOUTHWEST PUBLIC POWER AGENCY, INC. 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:

SOUTHWEST PUBLIC POWER AGENCY, INC. (SPPA) respectfully submits these comments in response to the Western Area Power Administration's (WESTERN) Notice of Recommendation (88 Fed. Reg. 26298), April 28, 2023.

Background

SPPA is a Joint Action Agency established in Arizona in 2014 and now includes 22 publicly owned electric utility members. Our members strive to provide safe, reliable and economic electric utility services throughout their service territories which includes some of the most productive agricultural properties in the United States. Our members' forecasted coincident peak demand in 2024 is 765 MW and the 2024 forecasted annual requirements is approximately 3,528,000 MWh.

Eleven members of SPPA have executed contracts for Firm Electric Service (FES) with the Western Area Power Administration (WESTERN) for capacity and energy provided by the Colorado River Storage Project (CRSP). Please also review these SPPA members' comments.

Historically, 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 (WECC) have identified a significant electric generation capacity shortfall in the Desert Southwest region where SPPA members provide service. The significant need for additional electric generation capacity coupled with increased volatility in the wholesale power markets (both supply and price), increased costs in goods & services, and supply chain disruptions

SOUTHWEST PUBLIC POWER AGENCY, INC.



greatly support the need for continued accessibility and affordability of CRSP to SPPA's members with their FES contracts.

Additionally, it is critical for WESTERN to understand and account for all of SPPA's 22 members' interest in WESTERN's decision whether to and how to proceed in final negotiations with SPP, and the significant potential negative consequences/damages to our members and the customers they serve that would likely arise if WESTERN proceeds as outlined in the Recommendation Report.

Comments Concerning Recommendation

1. WESTERN should commit to SPPA's members that it will ensure that the significant benefits of CRSP are preserved and secured for **all** customers in its negotiations and final legally-binding agreements. WESTERN should fulfill its obligations to consider and account for the needs and interests of SPPA members, especially its members who are also CRSP customers in WESTERN's Lower Colorado ("WALC") Balancing Authority Area, in its pursuit of SPP membership.
2. Please consider SPPA's observations and concerns below:
 - 2.1. WESTERN's pursuit of SPP RTO membership appears to have been heavily driven by WESTERN's assessment of the interests of WESTERN's Upper Colorado customers who already participate in the SPP's WESTERN Energy Imbalance Service ("WEIS") market. SPPA is concerned that WESTERN has pursued membership in the SPP RTO without considering whether and to what extent CRSP customers in the WALC Balancing Authority Area (BAA) will or won't be negatively impacted, much less benefit from entering into membership. WESTERN has not provided any assessments of the probable impacts of WESTERN's proposed SPP RTO membership on WESTERN's CRSP customers in the WALC BAA. Such assessment(s) should be performed, and be made publicly available for review and further comment to develop a sufficient record of analysis, before WESTERN proceeds with making a decision on pursuing final negotiations with SPP.
 - 2.2. WESTERN's decision to pursue membership in the SPP RTO appears to inordinately and heavily weigh the interests of WESTERN's CRSP Colorado customers who are already participants in the SPP WEIS – to the exclusion of, and possible damage to, WESTERN's CRSP customers in the WALC BAA. Again, it is important that WESTERN conduct this analysis, and if WESTERN has performed an assessment(s) of the impacts of WESTERN's participation in SPP RTO on WESTERN's DSW CRSP customers, please provide it as soon as possible.
 - 2.3. WESTERN's authorization to pursue membership in an RTO such as SPP must not, as specified in Section 1232 of the Energy Policy Act of 2005, result in the abrogation of any contracts such as those that the CRSP customers in the WALC BAA have with CRSP. Please provide for public review and comment any and all assessments WESTERN has performed, or had performed for it, to determine whether and to what extent its membership in the SPP RTO, as currently structured will result in the abrogation of any contract or treaty obligation. If such analysis has not been done, this issue should be analyzed before making a decision on entering into final negotiations.
 - 2.4. SPPA members have not seen or been provided any analysis of the measures WESTERN proposes to take to mitigate the potential adverse impacts of WESTERN's proposed participation in the SPP RTO on DSW customers. Specifically, WESTERN CRSP appears to be reluctant to even analyze whether



SOUTHWEST PUBLIC POWER AGENCY, INC.

and to what extent dynamic scheduling is feasible in order to avoid the potential seams issues. WESTERN including dynamic scheduling in its negotiations of, and plans for, operations within the SPP RTO would provide some indication to SPPA's members that WESTERN is pursuing these negotiations and membership with an effort to identify and commit to meaningful hold harmless conditions for its DSW customers. The absence of such indications is of significant concern for SPPA, as this analysis is important for coming to an informed decision whether to enter into final negotiations with SPP.

- 2.5. WESTERN CRSP can clearly indicate its intent to protect DSW customers' contractual rights by studying the separation of the CRSP system and generation in compliance with NERC regulations using dynamic scheduling to ensure that the CRSP generation resource and capacity that provides regulation are delivered to CRSP customers in all markets. This approach is similar to what has been implemented by the Boulder Canyon Project (BCP).

Conclusion and Recommendation

SPPA suggests that WESTERN rescind its April 28, 2023 Notice of Recommendation in order to initiate a comprehensive stakeholder process with its DSR/WALC BAA-based customers. This recommended process will provide assurance to SPPA's members that WESTERN will definitively address their concerns indicated above and assure that SPPA members in the WALC BAA will ensure retain **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.

SPPA and its members look forward to the scheduling of the Stakeholder Workshops recommended above.

Respectfully, Southwest Public Power Agency, Inc.

By

Frank A. McRae
General Manager