TRI-STATE

June 9, 2023

EMAIL: SPP-Comments@wapa.gov

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

Dear Ms. Johnson:

Tri-State Generation and Transmission Association, Inc. (Tri-State) appreciates the opportunity to provide the following comments in support the of the Western Area Power Administration's (WAPA) recommendation to pursue final negotiatins to join the Southwest Power Pool (SPP) Regional Transmission Organization (RTO).

Tri-State is a cooperative power supplier of 42 distribution cooperatives that serve more than one million consumers in Colorado, Nebraska, New Mexico and Wyoming. Tri-State participates in the SPP RTO (in Eastern Interconnect Nebraska and Colorado) and has a large portion of its territory in the proposed SPP RTO western expansion footprint (in Colorado, Wyoming and Nebraska). Tri-State receives its Colorado River Storage Project's (CRSP) and Loveland Area Projects (LAP) allocations in Wyoming, Colorado, Nebraska and New Mexico. In addition, Tri-State and its members also participate with CRSP and LAP in benefit crediting arrangements with seventeen Native American tribes and pueblos. Tri-State is also a transmission customer of both CRSP and LAP. Tri-State is strongly committed to the success of WAPA as a whole.

Tri-State has long been an advocate of organized markets in the West, and in particular, the expansion of the SPP RTO to the western interconnect.

1. SPP RTO Projected Savings:

- The September 2022 Brattle Study (the 'Brattle Study') indicated savings/benefits in the neighborhood of $50-$70 million per year for the market footprint in the various case runs. These savings/benefits are nearly entirely among WAPA and WAPA preference customers, and their customers' end users. In the case of Tri-State, these benefits also are realized indirectly by 17 Native American tribes with WAPA allocations administered by Tri-State and served by Tri-State's members. Even though some of Tri-State's members, their customers, and the tribes served by our members are outside of the initial proposed RTO footprint, they will all still share in the value of the RTO. It is important to note that these substantial benefit figures only include the value of the production cost benefits of an RTO (often estimated at less than 50% of the total value of an RTO).
- The Brattle Study was completed before the inclusion of Platte River Power Authority (PRPA), one of WAPA's larger customers, as part of the initial SPP RTO West participants. The addition of PRPA would certainly increase the Brattle Study's forecasted benefits of the RTO.
- Even with WAPA generation modeled conservatively, WAPA's customers (with the load receiving benefits of lower cost power and resources corresponding to the efficient market dispatch) within

the footprint see significant savings. WAPA sees modest direct-forecasted production cost benefits, but also sees no harm, and neither do its customers outside the footprint.

2. Ancillary Service Market Potential Customer Savings and Revenue Opportunity:

- Not included or analyzed in the Brattle Study, but another large benefit of the RTO, will be the inclusion of ancillary services as a market product. This provides not only potential significant additional savings to WAPA customers and other utilities in the proposed footprint in lower cost ancillary services compared to self-providing or taking the services bilaterally from a third party, but also provides the opportunity for additional revenues by selling these services (contingency reserves, regulation, etc.) to providers - including WAPA itself. There are currently very few third-party providers of contingency reserves and regulation in the WAPA Western Area Colorado Missouri (WACM) Balancing Authority Area (BAA) – and these products are quite difficult/complex to offer in the traditional bilateral market.

3. Improved Reliability and Ability to Integrate Additional Renewables:

- Tri-State agrees with the assessment in the Recommendation Report that the WAPA Rocky Mountain Region operations of the WACM BAA are increasingly strained between balancing the integration of renewable resources, managing hydropower obligations, and maintaining reliability. The WACM BAA has performed admirably and created tremendous value to its customers through the years. That said, it has maximized its current regulating resources, and is experiencing challenges with the increased amount of intermittent renewable resources. Tri-State's intermittent renewable resources are forecast to increase in installed capacity in the current WACM BAA footprint by over 100% by 2025 and increase even more by 2030. In Tri-State's opinion, derived in part through discussions with WACM BAA staff, we believe it will be very difficult to reliably and economically incorporate these levels of additional renewables in the BAA. In addition to Tri-State's new renewables, other WAPA preference customers and utilities within the BAA will also be adding significant amounts of new wind and solar resources. Reliability may begin to suffer and the cost to operate the BAA will likely increase dramatically without joining an RTO. The cost/benefits associated with this are not captured in the Brattle Study.

4. Resource Adequacy, Regional Transmission Planning, Transmission Cost Allocation, Renewable Integration:

- Also tied to reliability—resource adequacy, transmission expansion/modernization, and renewable resource integration are all more efficient in an RTO environment. Further, consolidation of multiple transmission providers under a single tariff provides improved efficiency, accuracy, and coordination of tariff-related studies. These are additional benefits of an RTO not captured in the Brattle Study. Tri-State believes WAPA also values sustainable energy, grid expansion/modernization, resource adequacy, and consolidated tariff administration. These are all areas that are becoming ever more critical and challenging every year. Regionally planned transmission projects will reduce congestion, increase locations available for future renewable generation interconnection, and provide greater access to generation for resource adequacy and reserve sharing.

5. Status Quo is Not an Option:

- The status quo of markets in the West will not last. RTO alternatives in the future may be less willing to accept input from WAPA and its customers as is the case with SPP now. Tri-State joins the Loveland Area Customer Association (LACA) and Mid-West Electric Consumer Association (Mid-West) in the opinion 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.

6. Concerns Expressed by Some WAPA Customers Outside the Expansion Footprint

- Tri-State realizes that there are some WAPA preference customers outside of the proposed footprint with concerns regarding WAPA participating in the SPP RTO West expansion. Through Tri-State's discussions with these customers, it appears to Tri-State that some of the concerns are existing challenges faced with or without WAPA participation in the SPP RTO. It is also Tri-State's view that some of these concerns appear to be over what could happen in some future scenario, although there is currently no apparent or proposed change directly tied to those concerns. Regardless, Tri-State will always support WAPA, in partnership with its customers, actively protecting and maintaining the value associated with both the energy and capacity attributes of WAPA allocations of all the customers regardless of their market location. There are many new and proposed initiatives in markets, resource adequacy, and other areas in the western interconnect. There will undoubtably be a great deal of change over the next decade. WAPA and its customers will need to be vigilant and work together in the future to ensure that the value of the WAPA product to all its customers is protected and maintained as these changes unfold.

Tri-State appreciates that WAPA has taken the time to present meaningful SPP RTO topics for discussion with its customers. WAPA staff should be commended for the time and dedication they have put forward to this multi-year effort to bring the value of an RTO to its customers. As a utility that has also been involved in this proposed SPP RTO expansion (and the previous MWTG attempt), Tri-State appreciates just how much time and work has been dedicated to this effort. Tri-State fully supports WAPA-RMR, WAPA-CRSP and WAPA-UGP moving forward in pursuing the expansion of SPP RTO into the West.

Sincerely,

Duane Highley (Jun 9, 2023 17:25 MDT)

Duane Highley
Chief Executive Officer