

ELECTRICAL DISTRICT No. 4

PINAL COUNTY

231 SOUTH SUNSHINE BLVD. – ELOY, ARIZONA 85131

Telephone: (520) 466-7336

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July 11, 2023

Rebecca Johnson
Transmission and Power Markets Advisor
Western Area Power Administration,
12155 West Alameda Parkway
Lakewood, CO 80228–8213.
SPP-Comments@wapa.gov

RE: Electrical District No. 4 Supplemental 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:

Electrical District No. 4 of Pinal County, Arizona (“ED4”) respectfully submits these supplemental comments in response to Western’s Notice of Recommendation (88 Fed. Reg. 26298 (April 28, 2023)), in accordance with the extension of the comment period provided by Administrator LeBeau’s letter of June 14, 2023. ED4 appreciates what the Administrator’s June 14 letter described as an “additional narrowly focused public information webinar with a question and answer session on June 27 to address CRSP’s participation in the SPP RTO,” and WAPA’s acknowledgement in that webinar that it has the ability to insulate its CRSP DSW Contractors from the adverse effects of WAPA’s proposed SPP participation. Fully reserving the positions expressed in its initial comments submitted on June 2, 2023, ED4 offers these supplemental comments in response to WAPA’s June 27 Presentation ([Additional Information and Discussion Related to CRSP’s Participation in the SPP RTO \(wapa.gov\)](#)) – its first to acknowledge the impact of its proposed SPP move on interests of DSW CRSP Contractors – and WAPA’s June 29, 2023, *CRSP Crosswalk of Pseudo-Tie Proposal*.

WAPA’s June 27, 2023 Presentation sought input on two alternatives:

1. Pseudo-Tie Customer Proposal: WAPA characterized proposal as follows:

- Move the existing CRSP hydropower deliveries of the CRSP Southern Division customers into the Western Area Lower Colorado (WALC) BA via a pseudo-tie.
- CRSP generation would physically reside in the SPP footprint.

- WALC would be responsible for bidding and settling per Western Energy Imbalance Market (EIM) market requirements.
- The CRSP generation in the SPP RTO would be included in the SPP RTO Reserve Sharing Group and the portion of CRSP pseudo-tied would be included in WALC BA's reserve sharing group, for generation reserve responsibility.

2. Alternative Structure for SPP Proposal: WAPA characterized this alternative as follows:

If WAPA is unable to proceed with the original recommendation or with the pseudo-tie customer proposal, WAPA is seeking customer feedback on whether WAPA should conclude this public process and consider updating the recommendation by taking the following steps:

- Communicate and coordinate with SPP and SPP RTO West participants.
- Engage customers to explore future market options, such as UGP/RM pursuing final negotiations with SPP without CRSP.
- If an updated recommendation is developed, WAPA would initiate a new public process to seek comments from its customers, Native American Tribes, and other stakeholders on the substance of the recommendation.

ED4 believes that the “Bifurcate the CRSP System North and South” structure considered but rejected by WAPA according to the June 29 *Crosswalk* presentation at page 4 is the only option that will ultimately work for Arizona, and that therefore affords adequate protection to the contractual and preference rights of CRSP DSW Contractors. Referring to WAPA's summary on page 4 of the June 29 *Crosswalk* presentation, the elements of that structure are:

- Bifurcate CRSP from Glen Canyon Dam South to WALC. CRSP system North would join SPP RTO.
- DSW would be responsible for bidding and settling per EIM requirements.
- Glen Canyon generation would reside in the WALC BA. A portion of Glen Canyon generation would be pseudo-tied into the SPP RTO.
- The CRSP generation in the SPP RTO would be included in the SPP RTO Reserve Sharing Group and the remaining portion of Glen Canyon generation would be in WALC's Southern Reserve Sharing Group.

ED4 would add a fifth element to WAPA's *Crosswalk* summary: in a market construct, CRSP transmission south from the Glen Canyon substation should be removed from the CRSP transmission rate prior to SPP participation and put into the DSW One Transmission Rate.

WAPA's handling of the pre-June 14, 2023, stages of its pursuit of SPP membership creates the need for a comprehensive and structurally permanent arrangement to provide appropriate protection for the preference and contractual rights of CRSP DSW Contractors. Without assured preservation of the preference rights of WAPA's CRSP DSW Contractors, integration into the SPP

market system threatens to compromise those preference rights in derogation of both the preference requirements of CRSP Act Section 4 and the assurance of Section 1232(e) of the Energy Policy Act of 2005 that Section 1232 does not authorize the abrogation of contracts. CRSP DSW transmission and generation resources should remain in a separate WALC Balancing Authority Area along with any other WAPA CRSP contractors in WECC that require WECC deliveries that are not under the SPP Tariff.

In fact, WAPA's current SPP-only approach has failed to examine the opportunities for WAPA to optimize its decision to pursue SPP participation through dividing the CRSP system and its generation and transmission resources between two electrically separate markets, as opposed to the single WECC footprint in which the CRSP system is today. Accepting the need for a Pseudo-Tie for generation schedules begs the logical next question: what is the appropriate electrical location for Glen Canyon Dam generators, consistent with the preference and contract rights of WAPA's CRSP DSW Contractors? Those generators are best located electrically in the WECC where they are electrically today and interconnected today. WAPA has the ability to create dynamic schedules in either direction between the WECC and the SPP. WAPA's current, SPP-only process has foreclosed the examination of the impacts of its proposed decision to join the SPP on its non-SPP contractors or WECC utilities that will be affected by inserting a commercial seam through Arizona. Absent a convincing, objective analysis of all alternatives, including the one described above but rejected by WAPA, ED4 continues to believe that those impacts are substantial, adverse, and in derogation of the preference and contractual rights of WAPA's CRSP DSW Contractors and ED4.

At a minimum, CRSP DSW Contractor loads in the WALC BAA, and the transmission and generation resources committed to serving those loads, should be excluded from WAPA's proposed migration into the SPP. If other CRSP Contractors desire WALC BAA to also schedule their WECC related resource, then they should also be allowed to move their deliveries to the WALC BA, because the transmission lines are not changing. This arrangement should be afforded the most stringent available protection under all relevant FERC-jurisdictional agreements and tariffs, to ensure against future involuntary imposition of SPP market system participation on CRSP DSW Contractors.

WAPA's June 27 Public Question and Answer session productively explored a framework that may resolve a limited subset of the concerns raised by CRSP DSW Contractors. Unfortunately, the July 11, 2023 extended comment deadline does not permit the CRSP DSW Contractors in general to evaluate the impacts of WAPA's proposed decision on their systems and raise alternatives to WAPA's proposed approach. Therefore, inclusion of definitive principles on which the CRSP DSW Contractors could reasonably rely as a basis for mitigating their concerns is required as a predicate to WAPA's determination to proceed with its proposed SPP integration.

In order to bring this process to a reasonable conclusion consistent with WAPA's statutory obligations to its CRSP DSW Contractors, WAPA has two genuine choices:

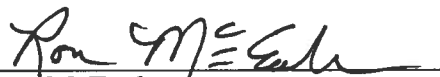
1. Incorporate in its Record of Decision on pursuit of SPP participation a set of definitive principles that: (a) leave the WALC BAA outside of the SPP RTO, (b) leave the Glen Canyon Dam and CRSP transmission resources in the WALC BAA in Arizona to be subject to the

determination and needs of entities in Arizona and effectuated through the WALC BAA including dynamic schedule of CRSP/Glen Canyon Dam generation as part of the CRSP resources separated between WALC and SPP; (c) preserve the contractual and operational status quo for CRSP DSW Contractors and their customers, (d) remove CRSP transmission south from the Glen Canyon substation from the CRSP transmission rate prior to SPP participation and place those transmission resources under the DSW One Transmission Rate, and (e) establish a definite and enforceable timetable for the implementation of these measures.

2. Alternatively, WAPA could pause the current decisional deadlines on its pursuit of SPP membership, solely with respect to CRSP. A pause of the deadlines with respect to CRSP alone would enable WAPA to proceed with migration of WAPA's Rocky Mountain Region and further integration of its Upper Great Plains Region into the SPP. In contrast to CRSP, the RMR and UGP components of WAPA's SPP proposal appear to be premised on mutual agreement between WAPA and those Contractors. An extension of the decisional process as to CRSP would enable WAPA DSW to work with CRSP DSW Contractors on terms that leave the generation and transmission entitlements of CRSP DSW Contractors in the WECC and the WALC Balancing Authority Area. This alternative should enable ED4 and others to remain outside of the SPP RTO discussions while they work with WALC on their market needs from CRSP. A Pseudo-Tie (or equivalent technical solution) enabling CRSP resources to remain in the WECC and WALC BAA can be a central component of this structure, so long as WAPA's objective is the dynamic scheduling of the CRSP entitlements between WECC-based and SPP-based CRSP Contractors contemporaneously with WAPA's integration into the SPP to ensure that WAPA's decision addresses the market needs of all CRSP customers.

Should WAPA choose to pursue the second alternative above, ED4 believes that the necessary negotiations could be concluded in relatively short order, particularly in light of WAPA's June 14 recognition that the needs and interests of CRSP DSW customers require adequate protection if WAPA's Rocky Mountain Region and the CRSP entitlements of its CRSP RMR Contractors are to move toward participation in the SPP RTO. We are prepared to work with WAPA on the development of these definitive principles in whatever manner WAPA determines is consistent with its *Notice of Guidance on Ex Parte Communications*, 74 Fed. Reg. 52,795 (Oct. 14, 2009). ED4 appreciates the opportunity to submit these supplemental comments.

Respectfully submitted July 11, 2023.
Electrical District No. 4 of Pinal County

By 
Ron McEachern
General Manager

cc: Senator Kyrsten Sinema (chris_phalen@sinema.senate.gov)
Senator Mark Kelly (paul_babbitt@kelly.senate.gov)
Representative Juan Ciscomani (gabbi@mail.house.gov)
Representative Raul Grijalva (glenn.miller@mail.house.gov)
DeWayne Justice (powerandwater@aol.com)

Glen Vortherms (glenv@mwdaz.com)
Lane Dickson (LDickson@tfgnet.com)
Jordy Fuentes (jordy@powerauthority.org)
Ed Gerak (ed.gerak@ieda-az.org)
Elston Grubaugh (egrubaugh@wmidd.org)
Patrick Ledger (pledger@azgt.coop)
Dave Lock (Dlock@gcseca.coop)
Russell Smoldon (russell@azpowerusers.org)
Nick Simonetta (nick@pivotalpolicyconsulting.com)
Daniel Jones (dbj@slwplc.com)
Kenneth Saline (krs@krsaline.com)
John P. Coyle (jpc@duncanallen.com)