

# WAPA and MARKETS

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**W**elcome to the December issue of the *WAPA and Markets* newsletter. As WAPA continues to explore multiple market developments, studies and dialogues, this newsletter aims to provide updates across WAPA's major energy market activities currently under evaluation and development in the Western Interconnection.



## RTO FINAL NEGOTIATIONS PROCEEDING, ENTITIES PLANNING FOR TRANSITION TO SPP BALANCING AUTHORITY

WAPA's Colorado River Storage Project (CRSP), Rocky Mountain region and Upper Great Plains region continue final negotiations with the Southwest Power Pool (SPP) regarding Regional Transmission Organization (RTO) membership and expanded participation. Current tasks include converting the approved terms and conditions to tariff language and developing implementation details for a pseudo-tie for CRSP Southern Division customers to address concerns about the potential implications of RTO membership for entities outside the footprint.

Additionally, SPP and WAPA personnel have begun work with entities embedded in WAPA's Western Area Colorado Missouri (WACM) Balancing Authority Area (BAA) and Western Area Upper Great Plains West (WAUW) BAA to prepare for transition to the SPP BAA. WACM and WAUW are projected to cease operations in April 2026 when the SPP RTO, including the SPP BAA, goes live in the Western Interconnection. Significant actions need to be planned in the near term for entities with load, resources or both currently within WAPA's WACM and WAUW BAAs. WACM operations provided an update letter to BA customers in November, and WAUW personnel are also engaged with entities embedded in their footprint.

SPP held an embedded entities meeting on Dec. 6 in Denver to begin discussions about critical-path preparations

that will begin as early as January 2024. During the meeting, SPP communicated they need to know each entity's intent by April 1, 2024, about whether they intend to: (1) become a participant in the SPP BAA, (2) find an entity to represent them as a market participant, (3) join an adjacent BAA or (4) become their own BA. Both WAPA and SPP will continue to work closely with embedded entities to support their projected integration into the SPP BAA.

For additional information on actions that will need to be taken by embedded entities, please contact Don Martin at SPP ([dmartin@spp.org](mailto:dmartin@spp.org)) or Marc Desmarais at WAPA ([desmarais@wapa.gov](mailto:desmarais@wapa.gov)).

For more information on WAPA's overall SPP RTO activities, visit [WAPA's SPP RTO membership exploration webpages](#).



## SIERRA NEVADA STAYS ENGAGED ON CAISO EXTENDED DAY AHEAD MARKET (EDAM)

WAPA's Sierra Nevada (SN) region continues to explore potential EDAM participation and is working with the California Independent System Operator (CAISO) and the Balancing Authority of Northern California (BANC) to ensure the EDAM development would support the interests of its customers. On Sept. 20, WAPA's SN and Desert Southwest region (DSW) filed an intervention with comments in the Federal Energy Regulatory Commission (FERC) EDAM tariff proceedings, FERC Docket No. ER23-2686. The comments focused on transmission revenue recovery, transmission loss accounting, project use delivery without added constraints and costs, and EDAM settlement allocation.

SN has engaged with its customers to inform them of these joint discussions with CAISO and BANC, its host

balancing authority, which are proceeding well.

SN continues to work with CAISO and BANC to develop pathways to address its concerns, and together they have made meaningful progress toward finding solutions. The parties are still working on the details of transmission revenue recovery and project power delivery and have begun discussing transmission loss accounting and resource adequacy. There are still many details to be worked out on EDAM settlement allocation.

For more information on CAISO's day-ahead market design, visit the [CAISO EDAM webpages](#).



## DSW ANALYZES RESULTS AND REFINES PROCESSES IN CAISO'S WEIM

Since April 5, 2023, WAPA has been participating in CAISO's Western Energy Imbalance Market (WEIM) for the Western Area Lower Colorado (WALC) Balancing Authority operated out of WAPA's DSW region. DSW staff continues to work with vendors and industry experts to finalize market settlement allocations to customers. DSW has begun an ongoing market results review process to analyze issues and improve overall coordination. This process includes DSW Merchants and other Participating Resource Scheduling Coordinators in WALC.

More information on DSW's WEIM activities is available on the [DSW energy imbalance market activities webpages](#).



## DSW MONITORS BOTH DAY-AHEAD MARKET FORMATION EFFORTS

DSW is participating in SPP's Markets+ Phase 1 development alongside multiple customers and Balancing Authority partners such as Arizona Electric Power Cooperative. In parallel, DSW continues to monitor CAISO's EDAM efforts and work with other WAPA regions, including SN, to preserve transmission and statutory requirements unique to WAPA within the operating frameworks of both potential options.

Potential benefits of day-ahead market participation are not clear, and DSW has not decided whether to proceed to Markets+ Phase 2 development, consider CAISO's EDAM or pursue neither day-ahead market at this time. More information and a compelling business case will be necessary for the region to proceed. Until then, DSW remains engaged and aware as these initiatives develop to ensure DSW is well positioned to continue providing the best service to its customers.

For more information on SPP's day-ahead market design, visit the [SPP Markets+ webpages](#). For more information on CAISO's day-ahead market, view the [CAISO EDAM webpages](#).



## REGIONAL TRANSMISSION PLANNING INITIATIVES

There are multiple regional transmission planning initiatives in early stages of development in the Western Interconnection. Two of the most prominent are the Western Power Pool (WPP) Western Transmission Expansion Coalition (WTEC) and the Western States Transmission Initiative (WSTI) being facilitated by the Committee for Regional Electric Power Cooperation and Gridworks. WAPA will continue to engage in efforts across the Western Interconnection by working with customers, utility partners and other stakeholders to develop approaches to address long-term regional transmission planning and transmission cost allocation.

WAPA also has a unique and valuable role in the West to facilitate the development of transmission solutions through our Transmission Infrastructure Program (TIP), which fosters partnerships across the industry to aid in the development of critical transmission infrastructure. As congressionally mandated, TIP provides debt financing and development assistance to expand, upgrade and modernize transmission facilities in the West. TIP's past work has provided a valuable foundation for many transmission projects that are currently progressing forward. TIP is also thoughtfully and actively identifying opportunities for win-win solutions for WAPA, our customers and industry.

For more information on the regional transmission activities, see the [WPP WTEC](#) webpages and the [Gridworks WSTI](#) webpages. For information on TIP, see [WAPA's TIP](#) webpages.



## WEST-WIDE GOVERNANCE PATHWAYS INITIATIVE

WAPA is also engaging in the West-Wide Governance Pathways Initiative, or "Pathways," during its Phase 1 evaluation. The goal of Pathways is to evaluate the creation of a West-wide market that would enable the largest footprint possible that includes California, by creating a separate nonprofit entity governed by representation from across the West. In Phase 1, a launch committee was formed to begin identifying what pathways may exist to accomplish this goal and to scope the next steps in evaluating what legal and operational questions would need to be addressed to pursue each of the identified pathways. WAPA's engagement in Phase 1 aims to provide support to the scoping of the effort and determine whether our participation in Phase 2 will bring the greatest value to the initiative, while also meeting the needs of our customers and WAPA's internal workload.

For more information, see the [Pathways initiative](#) webpages.



**Western Area  
Power Administration**