



## SNR Extended Day Ahead Market Customer Meeting Wednesday, July 31, 2024

### Minutes and Q&A

#### Arun Sethi, WAPA- Introduction

- Today we are continuing our informal stakeholder discussions with this 3<sup>rd</sup> meeting. At our last meeting, we mentioned two additional topics that we want to discuss with you: CVP capacity allocation under EDAM and cost allocation for Trinity PUD. We are still discussing these topics with BANC and don't have a proposal yet to discuss with you. We plan to have that by our next meeting on August 22nd. Today, we will discuss Inter SC trade settlement proposal, changes to delivery points in the BR contract and Rates under EDAM.

#### Tong Wu, WAPA – Inter-SC Trades – Examples (Slide 4-10)

- **Inter-SC Trades (IST)** - Last meeting we reviewed an example of a failed IST due to one party failing to submit the IST in day-ahead and the proposal is to submit the ISTs in real-time (hour-ahead). We also discussed the price difference between day-ahead and real-time, and the unlikely scenario in which both day-ahead and hour-ahead ISTs failed in real-time.
- To recap the assumptions used from our last meeting, example 1 (slide 4) includes 3 generators and a CVP trading hub for scheduling the ISTs. WAPA will schedule an IST using the WEIM SCID and the counterparty (load customer) will schedule an IST in the opposite direction for the same amount.
- The first example shows a successful set of ISTs that net to zero. Next are examples of a failure in EDAM due to mismatch in ISTs (slides 5 thru 7). The ISO will not settle mismatched ISTs and no money will transfer between WEIM and the customer with the mismatched ISTs. A solution is needed to properly account for the positive or negative differences.
- If the hour-ahead IST resubmission is successful, there is a difference between the hour-ahead price and the day-ahead price, WAPA will bill the customer who failed to submit day-ahead IST the positive difference of the hour-ahead price minus the day-ahead price.
- If the failed IST that is resubmitted in hour-ahead results in a negative amount, this will be netted to the PRR to offset all customer's costs.

#### Proposal (Slide 11)

- If the hour-ahead resubmission is successful and the hour-ahead is greater than day-ahead, WAPA will charge the customer using the formula provided for settlement. This is only if the difference is positive.
- If the hour-ahead resubmission is failed, the hour-ahead price is deemed to be zero in the formula, the shortage is allocated to the load that failed to submit ISTs in both the day-ahead and the hour-ahead. This is to prevent a customer from strategically not submitting an IST to avoid the charge.

#### Q&A

- **Nilesh Khatri, WAPA** – If the customer didn't submit the IST, will there be a penalty for not submitting the load since they'll get paid either way?
- **Tong Wu, WAPA** – That's why there is a charge for the short. WAPA has no control over the counterparty, and by having this rule, it closes the loophole and there's no incentive for failing to submit an IST. If the customer also fails to submit hour-ahead IST, then the hour-ahead price is set to 0.



### Base Resource Contracts – Slide 12

- Since all the settlements will happen at the CVP trading hub, that will be the delivery point. However, our current BR contracts list a specific delivery point. If WAPA joins EDAM, Exhibit A will be revised in 2025 to update the delivery point in Section 5 to list the CVP trading hub.

### Q&A

- **Kevin Howard, NCPA** – The Point(s) of Delivery are still going to be the same, correct?
- **Tong Wu, WAPA** – If WAPA joins EDAM, we don't have to define a Point of Delivery in Section 5 of Exhibit A. WAPA is getting a first-rate hedge by settling at the CVP hub.
- **Kevin Howard, NCPA** – Does the LMP price at the trading hub has a component that covers the losses?
- **Tong Wu, WAPA** – Yes, part of the losses is covered by the LMP, but there is a difference between the losses embedded in the LMP and the losses that WAPA calculates currently based on contract paths. When we say loss is covered, it is not the same amount of loss. Today, when we calculate losses, we calculate loss based on a pre-defined fixed percentage of the tagged quantity. That percentage does not change hour by hour. Today we do not really charge BR customers for that loss if we delivery Federal power. But if we deliver power that a customer purchased, we charge the losses using this calculation. The marginal loss embedded in the LMP is a marginal loss of the whole system relative to the contribution of your schedule. What we do today is an accounting methodology that does not represent actual power flows. Even for losses embedded in the LMP, what you calculate in the market a day in advance or in real time is still different from the actual losses based on the metered power flow, but that is closer to actual than what we do today.
- **Arun Sethi, WAPA** – If WAPA joins EDAM, Sandee Peebles will reach out and work with the customers to update Exhibit A.

### EDAM Services and Rates

- **Autumn Wolfe, WAPA** – Under EDAM, WAPA is not expecting any new services or products for our customers that will require a new rate schedule, so there is no plan at this time to develop new rate schedules or go through a formal rate process specifically for EDAM. The existing rate schedules that we have has a mechanism for passing through EDAM revenue and expense and is sufficient. As we continue to learn about EDAM, we will update customers and provide costs, estimates, and impacts to the PRR at future customer meetings.

### Next EDAM Meeting is Thursday, August 22<sup>nd</sup>

- We will discuss CVP capacity allocation under EDAM and cost allocation for TPUD. One of the follow up items is cost estimate for Reclamation.
- **Cary Fox, Reclamation** – We looked at the data requirements expected and are planning a \$500k placeholder for software changes. This is a high, conservative number until a full understanding the new data requirements is available as EDAM involves.
- **Arun Sethi, WAPA** – If customers would like additional meetings, we will schedule some. At the next meeting, we would appreciate customer input on WAPA's next steps and if they're ok with WAPA moving forward with EDAM.