



SNR Extended Day Ahead Market Customer Meeting Thursday, August 22, 2024

Minutes and Q&A

Arun Sethi, WAPA - Introduction

- Today we are wrapping up our stakeholder discussions and this will be the last customer meeting on WAPA's consideration of EDAM. We will review outstanding items from previous meetings and ensure we have discussed all policy-related issues. We would appreciate your comments or support in joining EDAM and will prepare the recommendation memo to Tracy LeBeau to make a final decision. WAPA then will work with BANC on the implementation details.

Tong Wu, WAPA – CVP Capacity Allocation – Slide 4

- As discussed earlier, EDAM is not a Regional Transmission Organization (RTO), and every Balancing Authority (BA) has to come up their own resources. The ISO has a resources sufficiency test to confirm you have enough to meet your day-ahead load, as well as being required to bring some capacity to the load for market optimization as Imbalance Reserve (IR) capacity. The EDAM market will allocate this IR to the Balancing Authority area (BAA), which is BANC, and BANC will allocate its imbalance reserve to its members and WAPA.
- If WAPA were to receive an allocation, it would affect Base Resource (BR) allocation. However, BANC will not allocate IR to WAPA. This slide shows the potential impact if IR was allocated to WAPA. The bar chart represents CVP capacity and allocations to different services or customer groups. WAPA does not intend to change the two day-ahead process and Reclamation will determine how to allocate CVP capacity. Today, the ancillary services are taken from the top. If there were any IR, that would be taken from the top right after ancillary services.
- Since BANC will not allocate IR to WAPA, BR allocation will remain as it is today after WAPA joins EDAM.

Q&A

- **Kevin Howard, NCPA** – For ancillary services, would a component of that cover energy imbalance for part of the sub-BA?
- **Tong Wu, WAPA** – Ancillary services for the sub-BA are not defined by the CAISO. EDAM is not RTO, and the CAISO does not take care of the sub-BA's ancillary service requirement. From the ISO's point of view, they're going to run their market and need load following capacity and there is overlapping load following service in this case. WAPA cannot reduce its ancillary services.
- **Kevin Howard, NCPA** – WAPA is taking care of its own reserve requirements within BANC and following the same practices as right now, correct?
- **Tong Wu, WAPA** – There is a timing difference between ancillary service and load following. Spinning reserve as contingency reserve is normally set aside, and Regulation is dispatched by AGC logic instantaneously following the AGC instructions every 4 seconds. The load following capacity is dispatched by the market every 5-minutes about



10 minutes before each 5-minute interval.

Tong Wu, WAPA – CVP Capacity Allocation Process (No Change) – Slide 5

- Based on discussions with BANC, BANC will not allocate IR to WAPA; and therefore, WAPA can maintain status-quo. WAPA and BANC will work with the CAISO to see if CVP Base Resource capacity can be used for IR instead of making them mutually exclusive. At this point, BANC is willing to take on the IR so that CVP allocation will not be affected by EDAM.

Q&A

- **Kevin Howard, NCPA** – Is the agreement with BANC permanent?
- **Tong Wu, WAPA** – It is indefinite unless ISO changes the tariff. If it changes and WAPA needs to provide IR, WAPA will need to make an arrangement with Reclamation.
- **Arun Sethi, WAPA** – WAPA will talk with all customers if this changes.
- **Kevin Howard, NCPA** – Is WAPA anticipating there will be some IR allocated to BANC?
- **Tong Wu, WAPA** – Yes. ISO will assign IR requirements to BANC, but not WAPA since WAPA is not officially a BA. BANC will allocate to SMUD, Redding, Roseville, and Modesto, but not WAPA.

Arun Sethi, WAPA – Trinity PUD Cost Allocation – Slide 6

- BANC has agreed to cover the EIM and EDAM costs for TPUD.

Arun Sethi, WAPA – WAPA External EDAM Website and Meeting Wrap-up – Slide 7

- An external website on EDAM has been created with all the previous presentations and notes. Link included in slide. As WAPA finalizes the documents and recommendation paper, they be posted on this website.
- WAPA has held four customer meetings this year in 2024 and 2 meetings last year. We believe all policy related issues that are important to WAPA have been discussed for possible entry into EDAM. Currently, there are many entities in the West are considering EDAM as well. When WAPA joined EIM, WAPA's concern was that if we didn't join, we may not have trading partners for real-time. This is the same concern for EDAM. Currently PacifiCorp and Portland General have announced they will join EDAM in the spring and fall of 2026, respectively. LADPW, NV Energy and Idaho Power plan to join in spring of 2027. BANC members SMUD, Modesto, Roseville, and Redding received board approval to move forward with EDAM. If WAPA's recommendation to join is approved, we will join with the other BANC participating members in spring 2027.

Q&A

- **Arun Sethi, WAPA** – What are customer's thoughts with WAPA moving forward joining EDAM?
- **Jim Shelter, BANC** – As mentioned, there are four BANC members currently in EIM that received board approval to participate in EDAM and view the day-ahead market as the next step forward. I encourage WAPA to move forward with a recommendation to



join EDAM.

- **Arun Sethi, WAPA** – Are there any issues with WAPA moving forward recommending EDAM?
- **Kevin Howard, NCPA** – In general, NCPA has had internal discussions and initially we're supportive, but we'll circle back around to confirm and follow up by the first week in September.
- **David Trombly, UC Davis** – Can you please recap for the BR customers whether this is expected to have a benefit or avoided costs? What are the financial impacts of EDAM?
- **Arun Sethi, WAPA** – In the CAISO day-ahead market, we don't anticipate EDAM to have any change to BR customers except that we will be scheduling BR using ISTs instead of imports under EDAM. Customers will be able to receive the same amount of BR as they are getting today.
- **Tong Wu, WAPA** – Customers will still receive BR with no change to their allocations. There will be a different scheduling process but since UC Davis is WFLS and WAPA provides this service, there will not be many procedural changes for you. Settlement statements may have different line items once CAISO implements DAME (Day Ahead Market Enhancement), including different charge codes. These updates of charge codes will occur regardless of whether WAPA joins or not. One primary benefit of joining EDAM is RA. If WAPA joins EDAM, CVP will be visible to the ISO and the ISO will treat CVP as use limited and conditionally available resource. With this treatment, WAPA will not be required to bid according to RA submitted a year in advance; and WAPA will have the flexibility to meet the RA requirements. WAPA is meeting its RA requirement currently with purchases at higher prices. The hope is that once WAPA joins EDAM, we'll be able to lower the purchase of RA and lower the risk of being subject to ISO penalty. From WAPA's point of view, as a local regulatory authority, we currently can use CVP to provide RA; however, ISO's system doesn't recognize it. This creates an inherent risk of ISO charging penalties for RA deficiency. Joining EDAM reduces the risk and potentially the amount of RA that WAPA needs to purchase.
- **Arun Sethi, WAPA** – WAPA is already managing RA in our portfolio and currently predict to purchase less under EDAM. Other members are not getting that benefit but if WAPA joins, BANC members will also benefit for claiming RA. Currently, the demand side is required to show they have RA, and who the counterparties are under the RA contract. The counterparty has to put that resource on a supplier sheet. Right now, we're not showing anything on a supplier sheet, and this will fix that problem.
- **Lena Perkins, Palo Alto** – It is understood the ISO is genuine in wanting to work with WAPA to make RA accessible to customers. Is this a special WAPA treatment and how firm does WAPA feel that ISO will come through with it? Is this something they're considering with some of their other folks joining EDAM? Under a conditionally available use-limited resource, is ISO going to review past performance of WAPA resource and de-rate how much RA can be claimed off of WAPA?
- **Tong Wu, WAPA** – In response the first question on whether WAPA is confident that ISO will allow CVP to be use limited and conditionally available and provide RA to the customers in the ISO BAA, I just spoke with the ISO again this week to ensure it does not require CVP to be pseudo-tied or dynamically tied to the BAA. The ISO clarified it does not require a tariff change to do that. The ISO is not giving WAPA any special treatment outside of their tariff authority. The CVP units will be scheduled as generators under EDAM instead of as imports, which allows for it to be use limited and



conditionally available. For the second question about whether the qualified capacity will be affected by the de-rate, the answer is no.

- **Lena Perkins, Palo Alto** – Understanding the current tariff has more restrictive rules than what WAPA is asking for, will the ISO seek an amendment to the tariff to detail the treatment, and how confident is WAPA they will commit to and able to execute this. It sounds like something a lot of other generators would be interested in. If it's this good and special, trying to assess this going forward.
- **Tong Wu, WAPA** – The ISO says they're not giving us any special treatment and no updates to the tariff are required. WAPA will be required to submit the paperwork and apply for CVP to be use limited and conditionally available. There are many categories of units that qualify and CVP does qualify as hydroelectric, with environmental constraints, and federal regulations. Every unit has to go through the application process to meet the requirements in the tariff.
- **Lena Perkins, Palo Alto** – There may be some wiggle room but no one else is getting those details. My understanding of the tariff is it's not the current listing and is slightly less restrictive than the current filings.
- **Tong Wu, WAPA** – From our meetings with the ISO, our understanding is we meet certain categories but have not yet gone through the paperwork and their process. Based on the facts, the ISO also believed that WAPA would meet the requirements.
- **Lena Perkins, Palo Alto** – How different will the RA and monthly capacity number in the Greenbook for rolling 12 months from today?
- **Tong Wu, WAPA** – We don't have that process yet. WAPA will need to establish and refine over time. We will be more conservative in the beginning, as we don't want to claim too much RA, have changes in the forecast and then cannot deliver. WAPA will reduce the forecast by a margin and refine over time, but we don't know by how much yet.
- **Lena Perkins, Palo Alto** – Every year, ISO looks at hydro and says we've priced it accordingly in dry years, it's high power but not high-cumulative energy and every year it's de-rated. WAPA has a lot of different turbines, different projects, and working around a lot of constraints. WAPA should get credit for giant reservoirs with a lot of potential, as they aren't a solar panel with no battery. WAPA figuring out a lot of the details with RA will be helpful, as the ISO and CPUC are putting lot of value into RA and away from energy. Currently, all of the policy choices are privileging RA.
- **Tong Wu, WAPA** – We can continue to discuss in the future and don't believe this is tightly related to EDAM. From the start, WAPA can only limit the RA to the amount of BR allocation, as anything greater will be promising something we cannot deliver.
- **Lena Perkins, Palo Alto** – A friendly disagreement, as this is part of the project and part of what BANC gets. On the second point, we are not currently on slice of day approach to capacity.
- **Tong Wu, WAPA** – If you have concrete ideas on how this should work, we can discuss with Reclamation to see if it is feasible.
- **Arun Sethi, WAPA** – As Tong mentioned, if and when WAPA join EDAM, we will be conservative with RA but then fine-tune strategies to maximize the value for CVP.
- **Lena Perkins, Palo Alto** – A few more details is needed prior to providing a response on whether to support WAPA joining EDAM. What is the timing for a decision?
- **Arun Sethi, WAPA** – Once we have feedback, WAPA will develop decision document for Tracy LeBeau to review and make a final decision. After that, WAPA will work on



an implementation phase to address all issues. During our upcoming regular customer meetings, we'll provide updates on the progress for implementation. If there's anything customer specific, like ISTs, we'll discuss with customers when implementing the process.

- **Jim Shetler, BANC** – In order to meet spring 2027, WAPA will need to start this fall, as there's not a lot of time, and decision is important.
- **Arun Sethi, WAPA** – Agreed and WAPA processes also need to be looked at. Appreciate customer feedback and support.
- **Lena Perkins, Palo Alto** – I appreciate WAPA working with customers on this and not against it and want to ensure it's an orderly transition.
- **Kevin Howard, NCPA** – Thank you for working through the process with customers and ensuring it'll work out for everybody involved. Great job with all the meetings. Once the decision is made, there will be continuing interaction with customers to work through it together, correct?
- **Arun Sethi, WAPA** – Yes, similar to EIM, we'll have meetings to update customers. We have a customer meeting scheduled for November 7, 2024, and will ensure to stay engaged with customers. Thank you.