



IRRIGATION & ELECTRICAL DISTRICTS' ASSOCIATION OF ARIZONA

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Re: Recommendation for the Western Area Power Administration’s Rocky Mountain Region and Colorado River Storage Project Management Center to Pursue Final Negotiations Regarding Membership in the Southwest Power Pool Regional Transmission Organization, and for the Upper Great Plains Region to Expand its Participation (“Recommendation”) originally published in the Federal Register (88 FR 26298) on April 28, 2023

Dear Administrator LeBeau:

On behalf of the Irrigation & Electrical Districts Association of Arizona (IEDA), we submit the following comments to the Recommendation published in the Federal Register (88 FR 26298) on April 28, 2023.

IEDA represents 24 members with Western Area Power Administration (WAPA) contracts, 15 of whom have Firm Electric Service (FES) for capacity and energy provided by the Colorado River Storage Project (CRSP). IEDA has been in existence since 1962, and its primary purpose is protecting its members’ contracts for federal hydropower.

Colorado River Storage Project contracts have long provided important capacity, energy, and resource adequacy (RA) benefits equitably to both the northern and southern division contractors (those who reside in the WAPA-Desert Southwest footprint). Recently, the [North American Electric Reliability Corporation](#) and [Western Electricity Coordinating Council](#) have both identified a significant capacity shortfall in the Desert Southwest Region. This aligns with WAPA’s statement that “RA challenges are becoming an increasing issue in the Western Interconnection” making the CRSP capacity and RA benefits more valuable, enhancing the

importance the CRSP resource provides to all contractors. To that end, WAPA states that it “has taken numerous proactive steps to evaluate and implement strategies to enable the organization to be resilient and flexible in a dynamic future while maintaining its statutory obligations and the reliability of its system,” also stating that “membership in the SPP RTO is expected to support WAPA and our customers in mitigating current and future risks as the industry continues to evolve.” However, IEDA has not been provided analysis to support the comments regarding mitigation to its CRSP customers outside of the proposed SPP footprint.

That is why IEDA submitted a written request to WAPA on August 16, 2022, (attached for the record) to share concerns with market developments regarding RA requirements in the Desert Southwest Region. The August 16th letter served as a formal request to analyze the following questions: did WAPA-CRSP analyze the potential of other market constructs, what are the identified impacts to transmission and transmission rights to CRSP customers outside of the proposed SPP RTO, and would WAPA CRSP complete an examination of a dynamic signal or pseudo tie for southern division customers who reside in the CAISO EIM?

IEDA received a response to the August letter on September 27th from Rodney Bailey (CRSP-Manager) expressing WAPA’s concern about the long-term economic welfare of its customers resulting from the proposed placement of CRSP in the SPP RTO. It specifically stated that WAPA is striving to make good efforts to ensure that CRSP can meet its obligations to FES contractors. The letter also stated that “as development of resource adequacy plans and strategies occur throughout the West, there must be allowances for firm resources, such as Glen Canyon, to be accounted for properly,”

However, WAPA’s response letter also stated that multiple pseudo ties connected at Glen Canyon Dam would be impossible, and then seemed to contradict itself by referencing the split signal that had occurred in the past. The historical rationale for combining the previously split signal was that the customers would benefit from the efficiencies recognized by one BA. Those benefits were never realized by our customers. If WAPA-CRSP moves into SPP, SPP will assume WAPA’s WACM and WAUW BAs, while WALC will exist outside of the new SPP BA. WAPA’s response letter does not identify how RA requirements for those inside the WALC BA can still be met without a bifurcation of the signal. This situation may require the need to bifurcate the signal again.

Due to the failure to analyze the questions provided in our August 16th letter, IEDA submitted another letter on October 19, 2022 (attached for the record). To date, IEDA has not received a response to that letter, nor has WAPA responded to the many questions submitted in numerous public forums on these issues. To protect the value of the CRSP contracts, IEDA again requested that WAPA examine the installation of a signal bifurcation at Glen Canyon Dam. SPP confirmed with IEDA that both pseudo ties and dynamic schedules in the Western Interconnection BA can be accommodated if the SPP RTO expansion is pursued.

Without solid analysis of the potential impacts to those outside of the SPP RTO footprint and given the potential range of impacts reported in the Brattle Study, IEDA continues to fear

that the southern division customers will be negatively impacted by increased transmission costs and impacts to RA.

Per Section 1232 of the Energy Policy Act of 2005, WAPA must specifically delineate how any final agreement executed between SPP and WAPA will ensure consistency in delivering the full benefits of existing FES contracts in the final decision to proceed with negotiations. The FRN and recommendation report identify that WAPA has completed cost studies, adjusted production cost modeling, and various other analysis. Despite these studies, our formal requests on August 16th, 2022, and October 19th, 2022, for impacts specific to CRSP customers outside of the proposed SPP footprint have gone unanswered.

IEDA must be assured that its members with CRSP contracts receive the same attributes of the CRSP resources as the customers located inside the SPP RTO footprint through final negotiations and implementation of readily known technical solutions described in greater detail in the “Colorado River Storage Project Bifurcation – Principles Attachment A”.

As a condition of WAPA agreeing to enter into final negotiations with SPP, IEDA is requesting WAPA:

1. Declare in the final decisional document that WAPA will ensure **equal** and **full** access to the CRSP resource and resource attributes for FES customers located inside and outside of the SPP RTO footprint in accordance with existing FES contracts.¹
2. Indicate that it will not finalize membership in SPP for CRSP if WAPA cannot secure the necessary arrangements to provide the benefits of FES contracts through participation in SPP.

Failure to respond to this request and document an intent to honor contractual obligations will indicate that WAPA does not intend to honor the terms and conditions of the FES contracts and demonstrate an anticipatory abrogation of WAPA’s contractual obligations to FES contractors.

If WAPA were to proceed with SPP without inclusion of IEDA’s request, it would result in a faulty outcome to a flawed process based on a biased decision.

Sincerely,



Ed Gerak
IEDA

¹ Notably, this would appear to be a fundamental concern of the majority of CRSP contractors as WAPA has admitted that “only about 12 percent of CRSP resource would be delivered inside CRSP’s prospective SPP zone.” See Recommendation Regarding Membership in the Southwest Power Pool Regional Transmission Organization at p. 38. Accessed at <https://www.wapa.gov/About/keytopics/Documents/spp-rto-recommendation-report.pdf>.

Colorado River Storage Project Bifurcation – Principles Attachment A

Executive Summary

The Colorado River Storage Project (CRSP) has provided long-term energy and resource adequacy (RA) benefits equitably to both Upper and Lower Basin regions. Western Area Power Administration (WAPA) CRSP's consideration to join the Southwest Power Pool Regional Transmission Organization (SPP RTO) should ensure that the attributes of the CRSP resources are preserved for all customers. IEDA is requesting WAPA negotiate the necessary terms to provide for a "bifurcation" of the CRSP resources so that customers outside the SPP RTO footprint are assured the same attributes of the CRSP resources that will be provided to the customers located inside the SPP RTO footprint.

Principles

- Joining an organized market should not make a WAPA provided resource less valuable for a customer who is located outside of a market footprint.
- WAPA must negotiate with an organized market to ensure the benefits provided under the Firm Electric Service (FES) contracts are delivered regardless of the customer's location.
- Securing Dynamic Transfer of Southern Customers' allocations into WALC is a solution that could be used with hydroelectric projects use and RTO seams.
- CRSP Dynamic Transfer would be in accordance with terms of the NERC dynamic transfer electronic signal and integration guidelines. Dynamic Transfer Reference Document Terms¹:
 - Dynamic Transfer Signal (DTS): The electronic signal used to implement a Pseudo-Tie or Dynamic Schedule using either a metered value or a calculated value.
 - Integration: Dynamic Schedule and Pseudo-Tie above means the value could be mathematically calculated or determined mechanically with a metering device and incorporated into the associated ACE calculations for the Attaining and Native BA.
- The Dynamic Transfer would split/bifurcate CRSP resource deliveries between WACM and WALC.
- The Dynamic Transfer would be calculated in accordance with the capabilities and limitations of the CRSP resources and Southern Customers' FES contractual allocations.
- The bifurcation would not allow for a customer to control or dictate project operations, WAPA in coordination with Reclamation would have ultimate control of the generations.
- Customers shall continue to communicate, submit, and make schedule changes in accordance with the CRSP Scheduling, Accounting, and Billing Procedures (SABP).
- CRSP may choose to de-rate real-time parameters to satisfy operations, including the modifications to ramp rates and capacity schedules set forth in pre-defined system operating procedures.
- The Dynamic Transfer bifurcation solution will require communication connectivity, unit testing, integrations, and reporting.
- The bifurcation solution shall not delay Upper Basin entities potential of future SPP RTO participation and shall be transitioned in a manner that allows for proper testing, tuning, and system operating procedure development.