



MEMORANDUM

TO: IEDA Board
FROM: Ed Gerak
RE: Power Committee Report
DATE: June 14, 2024

Demand

Summer demand is projected to increase by 2.7% compared to last year.

Concern for AI & Data Centers were a focus of the APPA National Conference. Some project that they will consume 9% of the total US electricity in 2030. GPT-4, for example, required over 50 GWh, approximately 0.02% of the electricity California generates in a year, and 50 times the amount it took to train GPT-3, the previous iteration.

A utility in Ohio is taking a creative approach, requiring new data centers to sign a 10-yr funding commitment to ensure cost recovery. There is a new DOE AI report out to review to learn more.

California Department of Water Resources unveiled its latest initiative aimed at improving energy grid reliability during extreme weather with the installation of three state-of-the-art generators in the Central Valley. The innovative power solution from Enchanted Rock provides 148 megawatts (MW) of fast-response, dispatchable energy, bolstering the state's emergency capacity resources. Extreme heat events and wildfires remain a threat to grid reliability and can strain the grid for days or weeks. The Strategic Reliability Reserve (SRR) was developed in 2022 as part of Assembly Bill 205 to expand the resources capable of managing or reducing net-peak demand during extreme events.

From an operational standpoint, short-term battery storage is being utilized to free up natural gas peaker plants. The batteries are storing excess energy in the solar/wind glut and dispatching them during the duck curve, allowing gas peakers to handle excess demand during spikes in usage.

Colorado River Dams

The Arizona Power Authority will be holding their draft budget review prior to our meeting. APA plans to reduce projected energy again, as WAPA/BOR continue to have Pollyanna projections regarding generation. On a positive note, the refund from the underutilized audit will be returning to the APA, hopefully offsetting any under collections this year due to generation not meeting even reduced projections.

WAPA submitted a letter to the Post-2026 process regarding hydropower principles. It included an artificial cap of elevation at Mead for ESA compliance. We argued to remove that from the hydropower customers proposal, as this could drive a wedge between water and power /upper and lower basin constituents.

The hydropower legislation ideas are being circulated with ADWR & CAP, to ensure we don't compete with them on legislation requests, but also be considered if a Post-2026 must pass legislative bill is drafted.

WAPA promoted CRSP from a Management Center to a region. While Rodney Bailey is open to apply, he is not assured to receive this position.

LTEMP FSEIS ROD is expected to be in Cooperating Agencies hands this week. It is unclear when the implementation agreement will be finalized, but the preferred alternative was the cool-mix, the worst option for hydropower.

Transmission

Three FERC commissioners were approved. David Rosner, Lindsey See, and Judy Chang. Rosner was approved by a vote of 68 to 26, for a term expiring June 30, 2027. See was approved by a vote of 83 to 12, for a term expiring June 30, 2028. Finally, Chang, who received a final vote today, was approved by a vote of 63 to 33, for a term expiring June 30, 2029.

FERC approved Order 1920 that adopts specific requirements addressing how transmission providers must conduct long-term planning for regional transmission facilities and determine how to pay for them, so needed transmission is built.

FERC said that the rule contains these major elements:

- Requirement to conduct and periodically update long-term transmission planning to anticipate future needs.
- Requirement to consider a broad set of benefits when planning new facilities.
- Requirement to identify opportunities to modify in-kind replacement of existing transmission facilities to increase their transfer capability, known as "right-sizing."
- Customers pay only for projects from which they benefit.
- Expands states' pivotal role throughout the process of planning, selecting, and determining how to pay for transmission facilities.

HB2003 was sent to the Governor's desk. This is the reconductoring bill which will allow for CEC exemption for upgrading transmission lines. While there is a national push from the administration for increased transmission capacity, the environmentalists don't like this bill. We will see which side the Governor sides with.

Markets

SPP Filed Tariff with FERC to bridge the Eastern and Western Interconnections.

West-Wide Governance Pathways Initiative step one approved by stakeholders. This plan attempts to reconcile the concerns about CAISO governance and meld the two competing markets into one RTO.

There have been some recent articles recommending integrating ERCOT into the National Grid. It is anticipated that this could prevent mass power outages like the one suffered in 2021.