

WESTERN RESOURCE ADEQUACY PROGRAM

October 4, 2022

AGENDA

October 4

- » Intro to WRAP
- » Sign-up Logistics

October 14

- » Metrics
- » Forward Showing Workbook

SOLVING A PROBLEM

» What WRAP does:

- » Implements a **binding forward showing** framework that requires entities to demonstrate they have secured their share of the regional capacity need for the upcoming season
- » Implements a **binding operational program** that obligates members with calculated surplus to assist participants with a calculated deficit on the hours of highest need
- » Leverages the binding nature of the operational program, together with modeled supply and load diversity, to **safely lower the requirements** in the forward showing and help **inform resource selection** for the region, **driving investment savings** for members and their end use customers

PROGRAM DESIGN OVERVIEW

FORWARD SHOWING PROGRAM

- » Establishes a **regional reliability metric** (1 event-day in 10 years LOLE)
- » Utilizes thoughtful modeling and analytics to:
 - » Determine historical summer and winter **capacity critical hours** (CCHs) data sets for the region
 - » Determine each resource type's **qualifying capacity contribution** (QCC) to the regional capacity needs
 - » Determine a planning reserve margin (PRM) which is applied to peak load forecast based on P50 metric
- » Showing requirement includes **deliverability** component
 - » Firm or conditional firm transmission to meet 75% of P50 + PRM (paired with robust exception framework)
- » Participant compliance obligation (7 months in advance of binding season) = **physically firm resources to meet P50 + PRM**

Determine
Program
Capacity
Requirement



Determine
Resource
Capacity
Contribution



Compliance
Review of
Portfolio

PROGRAM DESIGN OVERVIEW

OPERATIONS PROGRAM



- » Evaluates participants operational situation relative to Forward Showing assumptions (for load, outages, VER performance)
- » Obligates participants with calculated surplus to assist participants with a calculated deficit on the hours of highest need
- » Deficiency forecast on day before Operating Day (Preschedule Day) establishes Holdback Requirement for surplus participants
- » Surplus Participant that fails to provide assigned Energy Deployment must pay Energy Delivery Failure Charge

TRANSITION TO A BINDING PROGRAM

- » A thoughtful and deliberate transition from a non-binding RA program to a binding program is important for the WRAP's ability to maintain participation, remain viable, and ensure value to the region
- » Key principles:
 - The region greatly benefits from keeping the footprint moving forward together. The program should make reasonable efforts to accommodate any entity that desires to be part of the program
 - The program needs to ensure transition provisions generally maintain the principle of all parties providing a fair share of the region's capacity need. The program does not have the ability or intent to backstop capacity for participants unable to procure it in the market
 - Communication and coordination around the transition plan and impacts is vital.

TRANSITION TIMELINE

Non-Binding Forward Showing

Winter 22-23, Summer 23, Winter 23-24, Summer 24, Winter 24-25

Transition Seasons (Ops and FS)

Summer 25, Winter 25-26, Summer 26, Winter 26-27, Summer 27, Winter 27-28



Non-Binding Operations Program

Summer 23 (trial – will include testing scenarios), Winter 23-24, Summer 24, Winter 24-25

Binding Program Without Transition Provisions

Summer 28 and all seasons following

WHAT'S HAPPENING IN 2023

- » **Non-Binding Forward Showings:** for Winter 2023-24, Summer 2024; data requests for updated modeling (Jan 2023)
- » **Ops Program set up:** program trials Summer 2023, first non-binding Winter 2023-24
- » **Participation in RAPC meetings:** decision-makers in absence of full board/FERC approval, highest representation for participants once board is placed)
- » **Governance standup:** participate in the transition to full governance, including representation on the Program Review and Nominating Committees
- » **Business Practice Development:** review and approval of first set of business practices (will build on materials accepted by current RAPC)

WHAT WE CAN HELP YOU WITH NOW

» Forward showing materials – do a trial run

- Can share information being used for current non-binding forward showings
- We'll talk in more detail on October 14

» Business case development

- Each entity will be different
- WPP/SPP can offer conceptual help or connect you with current participants

» Other program information and learning

- Program design materials, updates, being collected into an updated design doc
- Ops program information and preparation for data exchange and trials

THROUGH END OF THE YEAR 2022

- » Tariff and WRAPA are already filed with FERC
- » Follow-up to this meeting on **October 14**
 - How to do a forward showing and Q&A
- » We plan to have a final packet ready for signature around **November 15**
- » Signatures will be due by **December 16**
 - After signing on, you can expect a data request and an invoice in late December/early January

WHAT YOU NEED TO SIGN

- » WRAPA – sign by December 16
 - Signed conditioned upon approval by FERC *as submitted*
- » Work Order – sign by December 16
 - Funds continued support and development until the conditional WRAPA goes into effect – will be moot if FERC approves tariff+WRAPA as filed
 - Attached MOU ("we intend to eventually participate in a binding version of the program, and to keep funding, we're committed", etc.)
 - Attached NDA (to bridge until tariff takes effect – tariff otherwise covers confidentiality)

CURRENT PHASE ACTIVITIES

PO = Program Operator
LOLE = Loss of Load Expectation
ELCC = Expected Load Carrying Capacity

