



WESTERN RESOURCE ADEQUACY PROGRAM

AN UPDATE ON RECENT EVENTS!

February 24, 2023

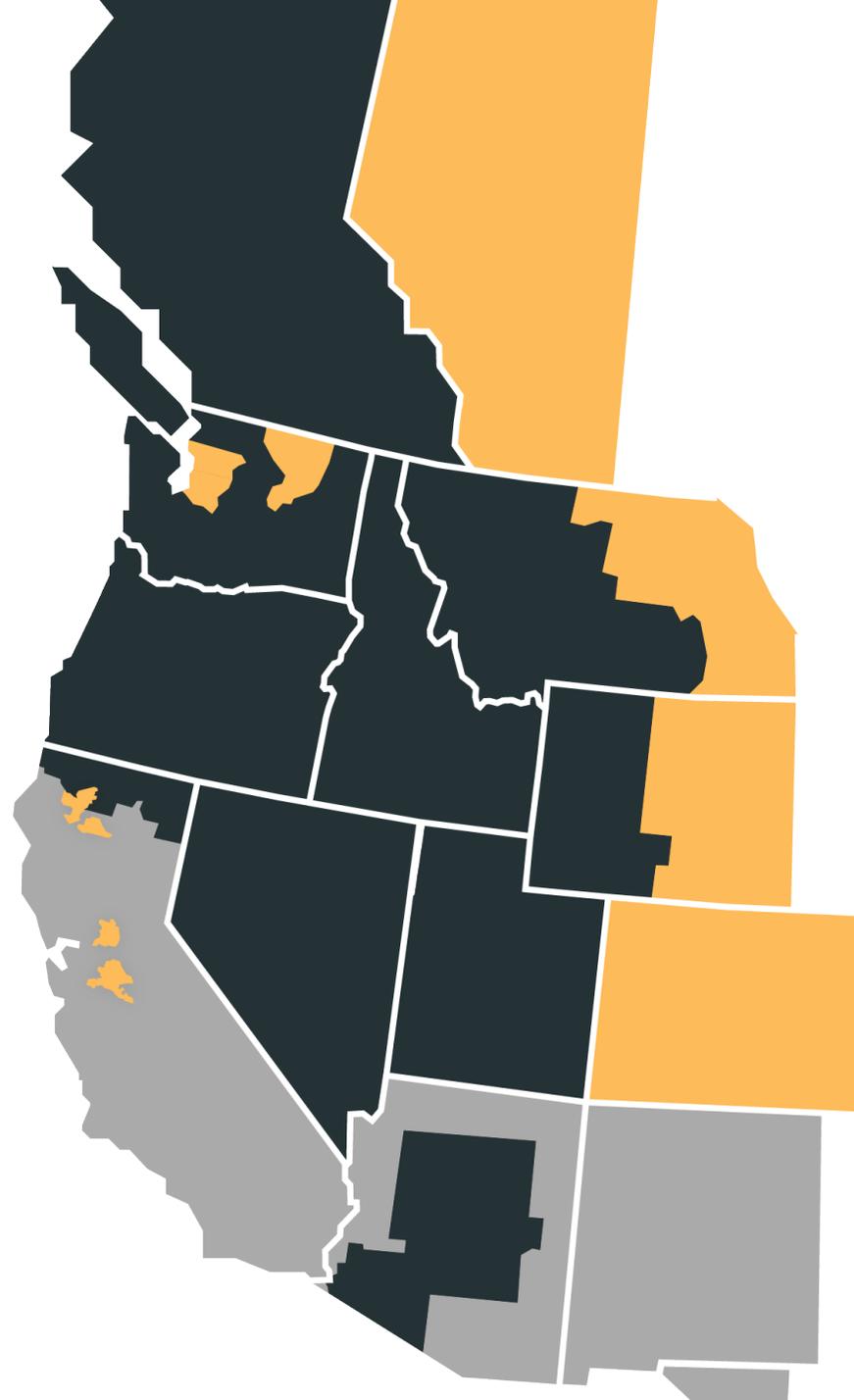
AGENDA

- » Update on FERC Action
 - Process
 - Outcomes
- » Next Steps
 - Governance Transition
 - Committees
- » Questions

CURRENT PARTICIPANTS (18)*

Arizona Public Service
Avista
Bonneville Power Administration
Calpine
Chelan PUD
Clatskanie PUD
Eugene Water & Electric Board
Grant PUD
Idaho Power
NorthWestern Energy
NV Energy
PacifiCorp
Portland General Electric
Powerex
Puget Sound Energy
Salt River Project
Shell Energy
Tacoma Power

**anticipating 3 more*



-  ADDITIONAL WPP FOOTPRINT
-  NON-WPP FOOTPRINT
-  CURRENT WRAP FOOTPRINT

FERC ORDER

- » WRAP tariff filed 8/31/2022
 - Received comments through 9/30/2022
 - Response to comments/protest filed 10/24/2022
- » Deficiency letter received 11/21/2022
- » Response to deficiency letter filed 12/12/2022
- » **Received unconditional [approval from FERC 2/10/2023](#) effective 1/1/2023**
 - WPP is working diligently to make transition to operating under the WRAP tariff, including transition to governance and stakeholder process requirements; FERC noted the need for transition
 - No additional compliance filings needed

OUTCOMES

FERC'S FINDINGS ON GOVERNANCE (EXCERPTS)

- » In general:
 - *We find that the proposed WRAP Tariff's governance structure is just and reasonable and not unduly discriminatory or preferential.*
- » In response to comments on Tariff rules for open and closed meetings of the Board:
 - *We find that the Tariff language appropriately balances openness and the occasional need for confidentiality. Further, we will not require WPP to provide a common rule for each of the three committees [RAPC, PRC, and COSR] on when they may hold closed meetings—the different nature and purpose of each committee, as described above, justifies different committee procedures.*
- » In response to comments on participation structure:
 - *[W]e find that the administrative rights exclusively reserved for Participants through the RAPC are just and reasonable and not unduly discriminatory or preferential. As a whole as to governance, we find that the proposal strikes a reasonable balance between allowing Participants to make decisions about the structure and operation of the WRAP and enabling interested stakeholders to observe and provide meaningful input on decision-making via the committee processes.*
- » On the Independent Evaluator Report -
 - *We . . . find that WPP has sufficiently supported its intent to make the Independent Evaluator's annual reports public subject to protections for confidential information.*

OUTCOMES

FERC'S FINDINGS ON TRANSMISSION (EXCERPTS)

» In general:

– *We find that WPP's proposal includes reasonable requirements to ensure deliverable resource adequacy, while also providing necessary flexibility to participants. . . . We find WPP's proposal that the 75% requirement must be met with firm transmission service to be just and reasonable and not unduly discriminatory or preferential*

» In response to protests on Tariff rules relating to the transmission requirement exception process:

– *We find that these exceptions will provide reasonable flexibility to Participants in meeting the requirement and that WPP has established a sufficiently clear framework for when the exceptions will be granted.*

– *[W]e accept WPP's offer to monitor the progress of this aspect the of the WRAP and file informational reports on the implementation of the Forward Showing Transmission Requirement exception provisions with the Commission.*

OUTCOMES

FERC'S FINDINGS ON MARKET BASED RATES (EXCERPTS)

- » *We recognize the concerns that existing restrictions on a Participant's market-based rate authority have the potential to interfere with its ability to transact at the WRAP Tariff-specified rates, but stress that any such Participant may submit a filing under FPA section 205 to seek new market-based rate authorization with appropriate mitigation or propose to amend its current market-based rate tariff to include tailored mitigation for the Commission to consider. Such Participant-proposed mitigation could include making Energy Deployment transactions under the WRAP using the WRAP Total Settlement Price as a non-cost-based mitigation. In addition, sellers whose ability to make sales pursuant to the WRAP Tariff that might be affected by the Commission's affiliate restrictions rules may request waiver of those restrictions for the Commission's consideration.*
- » *Participants who currently submit transactional data in the Commission's Electric Quarterly Report (EQR) must also submit data for jurisdictional transactions made under the WRAP Tariff*

GOVERNANCE TRANSITION

BOARD OF DIRECTORS

- » In October 2022 prior WPP Board passed conditional resolutions to authorize transition to an independent board
 - Prior board met 2/14/23 and affirmed the conditional resolutions
- » Received “ready/willing/able” from all new board members and advisors
 - As anticipated, one member officially resigned from WPP Board
- » As of Feb 21, 2023, **WPP has Independent Board of Directors**
- » Onboarding the new directors
 - It will take time for onboard, orientation, logistics
 - WPP education – structure, financials, employees, programs, processes, etc.
 - First public meeting – May 31 (details TBD but will be posted to WPP website)

GOVERNANCE TRANSITION

COMMITTEES

- » RA Participant Committee (RAPC)
 - RAPC will begin meeting in open session in March
 - RAPC meetings details will be posted on the WPP website
- » Program Review Committee (PRC)
 - PRC will meet monthly in open session – more meetings may be added as needed
 - PRC meetings are currently posted on WPP website
- » Committee of State Representatives (COSR)
 - COSR is working to stand up with the assistance on WEIB
- » WPP is working to develop and document procedure related to open meetings – *this is a work in progress*

NEXT STEPS

- » Determination of first binding season
- » Forward Showing Program
 - Modeling for Winter 2024-25 and Summer 2025
 - Preparing for non-binding Winter 2023-24 and Summer 2024
- » Working on Operations Program build-out
 - Building Operations Program tool
 - Participant registration and testing
- » Business practice development
 - WPP and SPP drafting business practices
 - PRC will lead a public review process
 - Business practices will be approved by Board

WRAP - ROLL OUT

Continued Development of Stakeholder Engagement Structure and Technology: *2022 – 2023*

Business Practice Development and Public Review: *ongoing into early 2024*

2023

Implement Approved Tariff Governance: seat independent board, begin open meetings

Summer Season

Winter Season

March 31
Non-Binding
Forward Showing –
Winter 2023-2024

Summer 2023
Ops Program trial –
will include testing
scenarios

October 31
Non-
Binding
Forward
Showing –
Summer
2024

*Winter
2023-2024*
Non-
Binding
Ops
Program