

WESTERN RESOURCE ADEQUACY PROGRAM

April 25, 2024

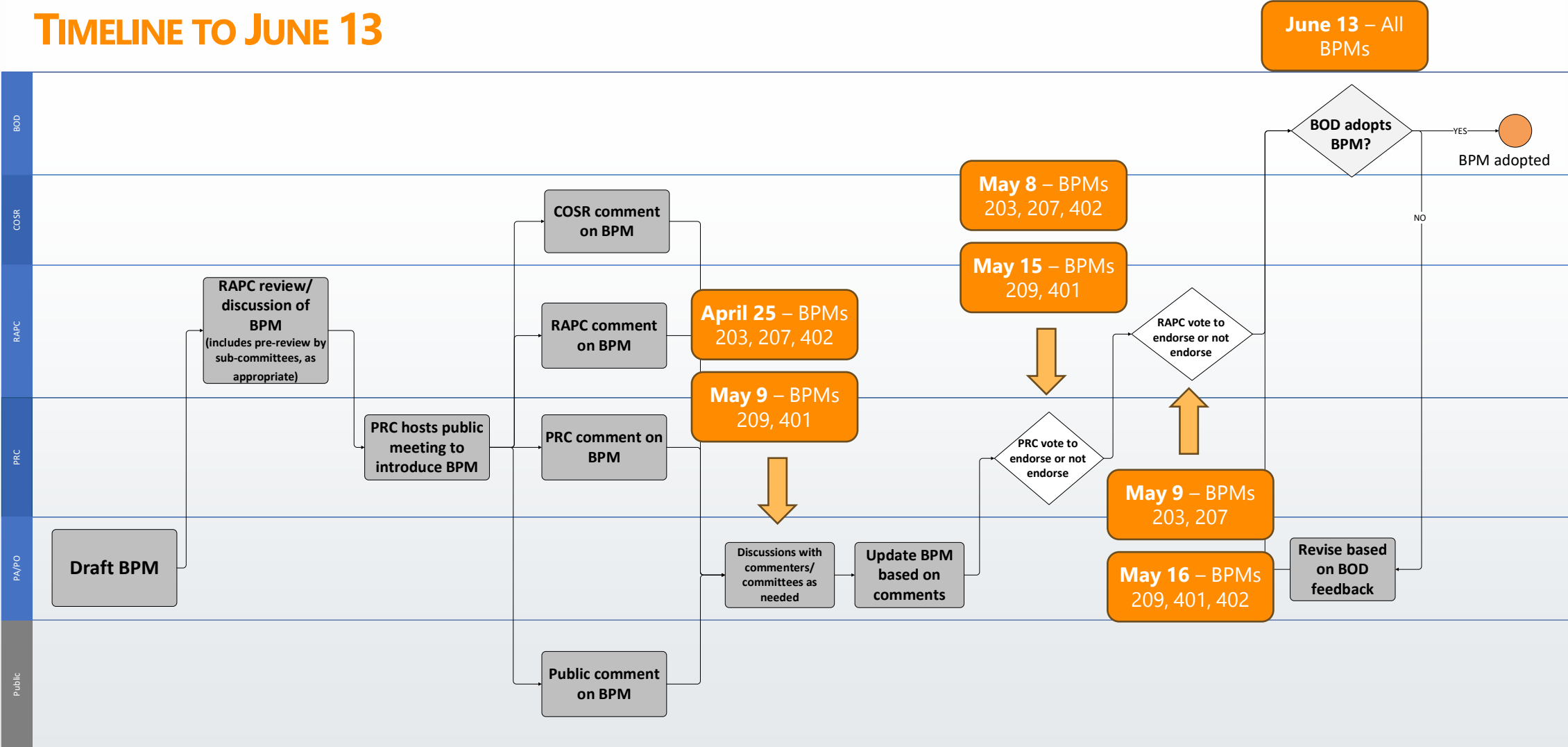
BPM Review Slides

&

JCAF Discussion

BPM PROCESS FLOWCHART

TIMELINE TO JUNE 13



BPM 203 SUMMARY

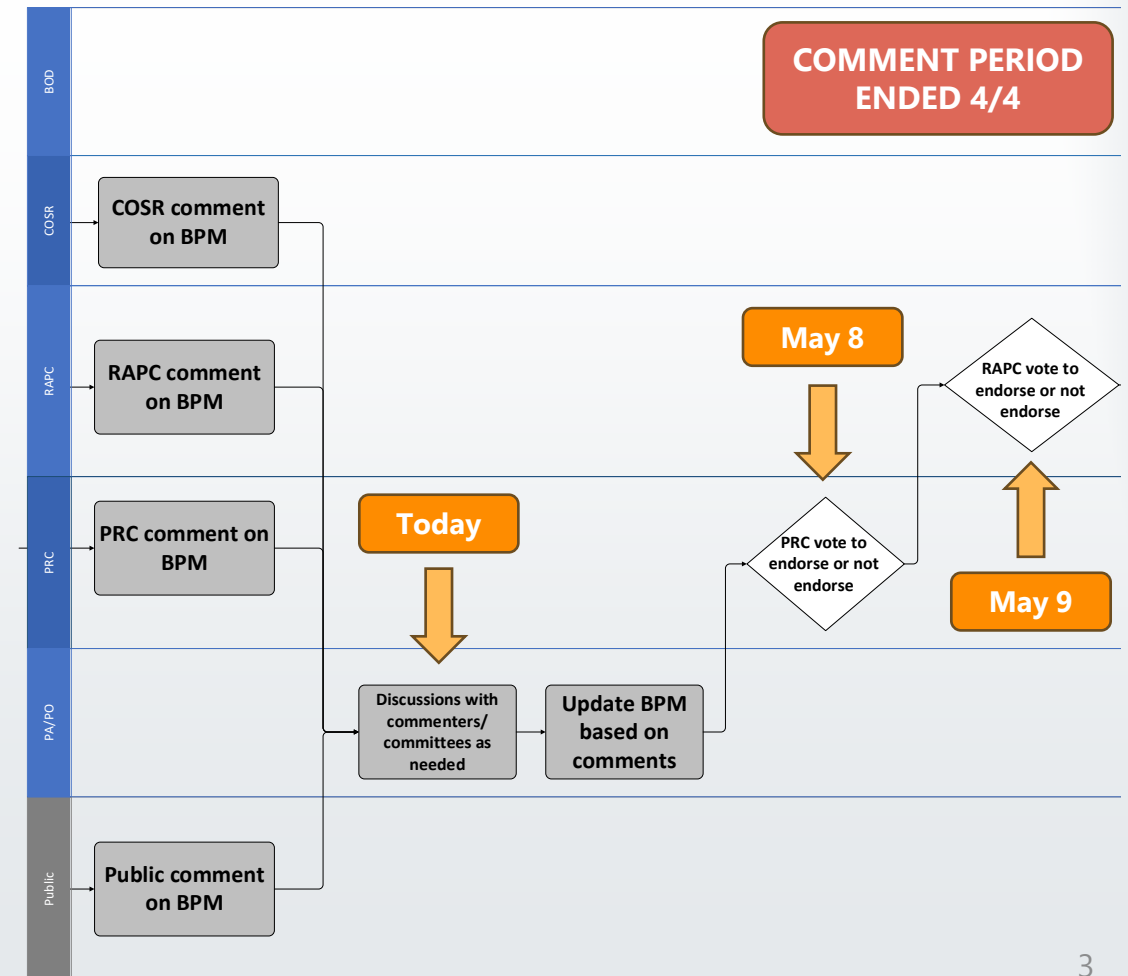
OPERATIONS PROGRAM – PROGRAM SHARING CALCULATION INPUTS

» Describes the Uncertainty Factor used in the Sharing Calculation of the Operations Program

- Sharing Calculation input determined by the Program Operator
- Represents a reasonable margin to account for near-term forecast error

» Describes how the Program Operator may decrease the Uncertainty Factor by 0.5% in cases when a Subregion is deficient

» *Addition: PA will propose an updated value for UF after Summer 2025 Binding & Prior to Summer 2026 Binding – to be endorsed by RAPC*



BPM 203 COMMENTS

OPERATIONS PROGRAM – PROGRAM SHARING CALCULATION INPUTS

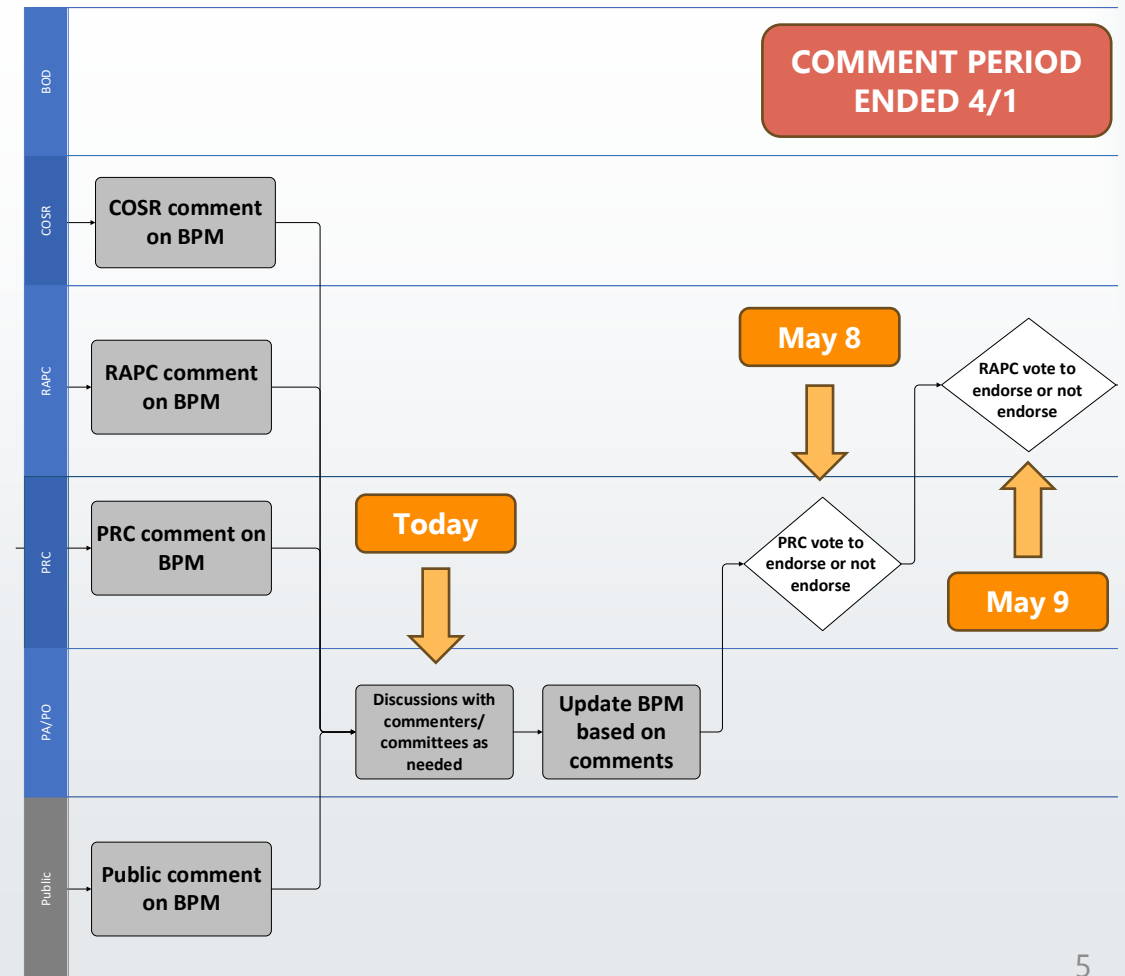
Context: Redline provided after PRC and RAPC discussions and requests for updates. Redline text was developed in partnership with participants who had requests changes.

- » Request for more clarity on methodology for calculating updated default Uncertainty Factor when available
- » Concerns over Uncertainty Factor reduction exposing a Participant to Holdback obligations
- » Requests for transparency into actual Uncertainty Factored used in Sharing Calculation – this is already in place

BPM 207 SUMMARY

OPERATIONS PROGRAM – SETTLEMENT PROCESS

- » BPM 207 Settlement Process is the counterpart to BPM 206 Settlement Pricing
- » Settlement information that will be posted
 - Needed for transaction: counterparty, month, dollar amount
 - Additional sufficient detail for a Participant to validate and verify the Final Settlement Revenue and any Make Whole Adjustment
- » How settlement information is accessed – via API
- » Timeline for calculations including process for missing and changing data
- » Dispute resolution process – referenced WRAP Tariff Section 9



BPM 207 EDITS

OPERATIONS PROGRAM – SETTLEMENT PROCESS

- » Added a paragraph about what BPM 207 does NOT cover
- » Enabling agreements for settling WRAP Operations Program transactions
 - added a Section 7 to indicate that Participants can use existing Enabling Agreements but they cannot supersede the tariff
- » Updated “in line with current bilateral practices” so as not to draw a line in sand with “current”
- » Added a table with more details on what settlement data will be posted publicly and for Participants
- » Changes to inputs after-the-fact – added a 5% trigger for participant requests for recalculation as requested
- » Added more details to or updated timelines throughout

BPM 207 COMMENTS

OPERATIONS PROGRAM – SETTLEMENT PROCESS

- » Concerns about delays due to index pricing not being available
 - Participants can settle using different pricing on an interim basis and then true up with the WRAP Settlement Pricing when available
- » Requests to add an alternate data source for index prices
 - This would need to be a change to BPM 206 – this can be proposed when we “open the doors” for changes
 - Suspect there may be some MBR considerations

BPM 207 COMMENTS

OPERATIONS PROGRAM – SETTLEMENT PROCESS

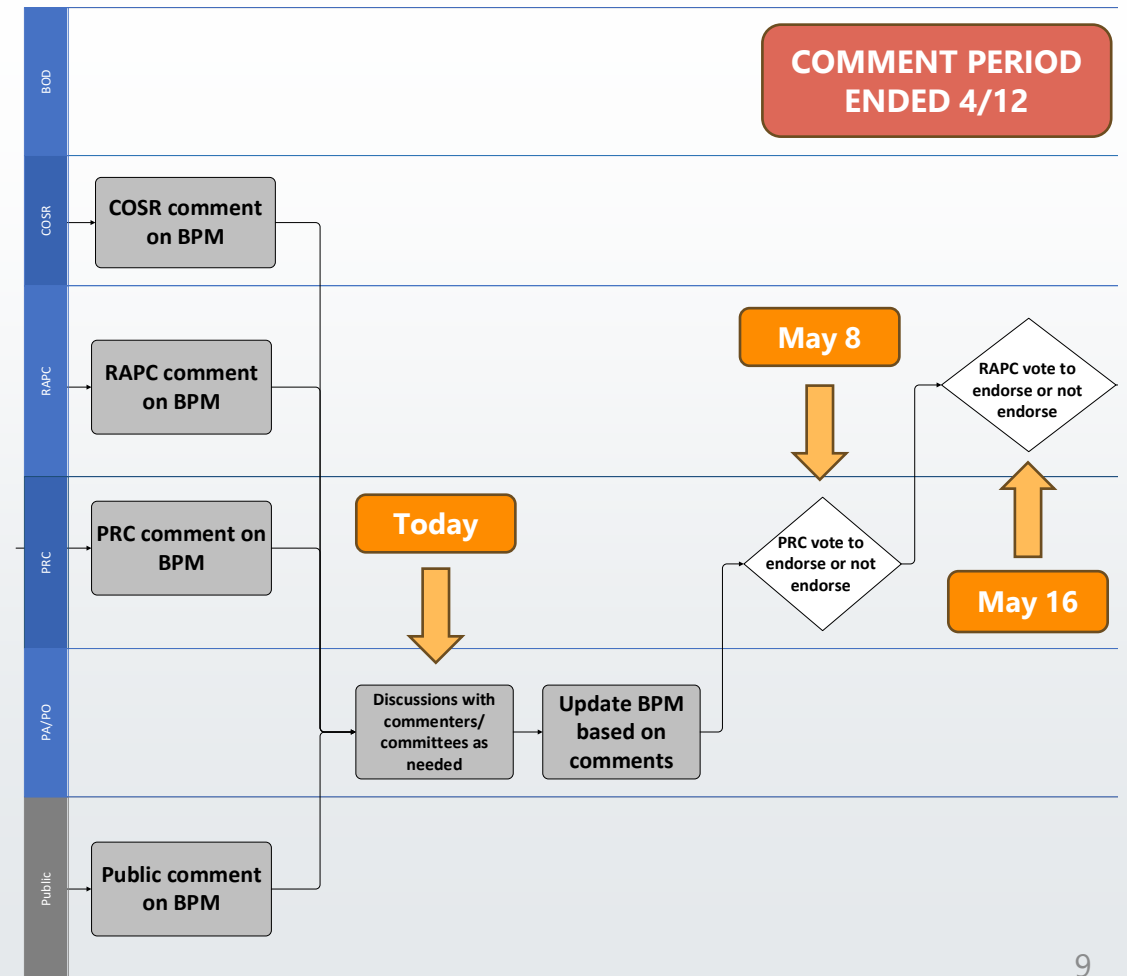


Comment/Theme	Response
Request for more Operations Program and Settlement data to be made public	This is absolutely possible, but would need to go through the data release process per BPM 402 and not be defined in this BPM
Questions about how WRAP Delivery Failure Charges will interplay with other programs or markets (i.e. CAISO WEIM)	This BPM does not discuss Delivery Failure Charges – that is BPM 209. However, Non-WRAP program or market charges are out of scope.
Requests for definitions of tariff defined terms	Left those to the tariff definition. We will provide a comprehensive glossary for ease of reference once we have a full suite for BPMs
Examples and supplementary documentation	There is a host of these documents that will be provided once we get all the BPMs approved
Will SPP be the final voice in disputes?	No, any disputes will follow the Dispute Resolution Process in Tariff Section 9

BPM 402 SUMMARY

AUXILIARY – CONFIDENTIAL INFORMATION

- » Protection of Commercially Sensitive and Confidential Information
- » Describes process for handling and releasing Participant aggregated or composite information set forth in Tariff (section 10)
 - Form and format approval (new and revised)
 - Confidentiality requirements/disclosures
 - General exceptions (publicly available, FERC request...)
- » Includes process for appeals (RAPC, BoD)



BPM 402 EDITS

AUXILIARY – CONFIDENTIAL INFORMATION

- » Added clarifications to required disclosures timelines
 - WPP will use best efforts to notify Participants affected by a legal or regulatory disclosure requirement “within five business days.”
 - Notifications regarding requests for disclosures coming from FERC will be distributed to Participants “as soon as practicable”
- » Request for all information provided to WPP to be presumed confidential
 - **Proposed solution: Defined categories of default confidential information**
 - Requires Tariff change

BPM 402 COMMENTS

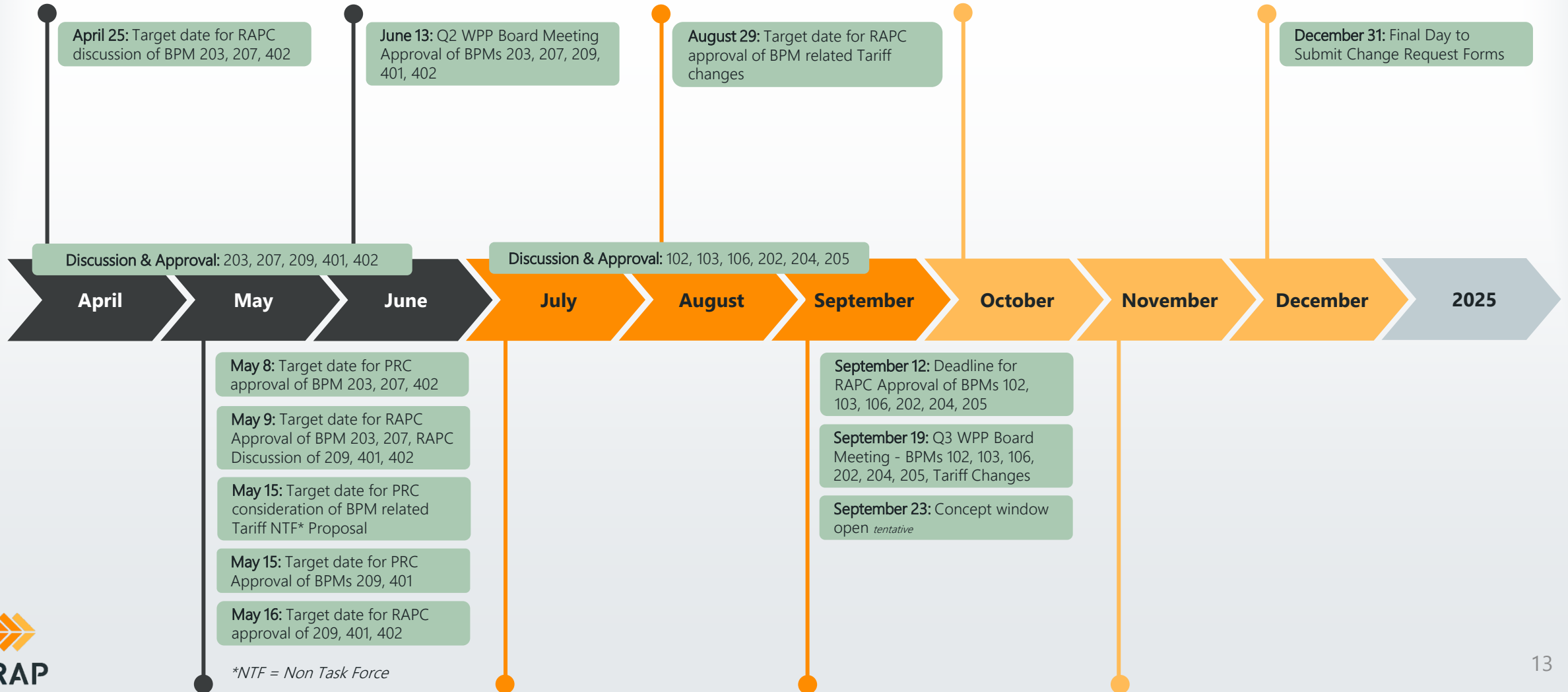
AUXILIARY – CONFIDENTIAL INFORMATION

Comment/Theme	Response
Request to treat by default all documents and data as confidential instead of an individual labelling exercise	Would require Tariff change. However, WPP working on incorporating language to establish a non exhaustive list of categories of confidential information (AA, FS, Ops)
Request to extend timeframe given to participants to object to a new/revised form and format (14->21 days)	Left it at 14 days to align with appeal windows defined in other BPM (i.e. 209)
Request for WPP to acknowledge receipt of any documents or communications from Participants	Would require additional resources and processes to be implemented other than performing common practices already in place
Request that BPM explicitly requires WPP to notify Participants whenever composite or aggregated info is released	Common practices already in place via emails and/or web notifications
Request that Participants may opt-out from aggregation process	Inconsistent with the Tariff – already remedies contemplated to the extent a Participant disagrees with a decision to release aggregated data

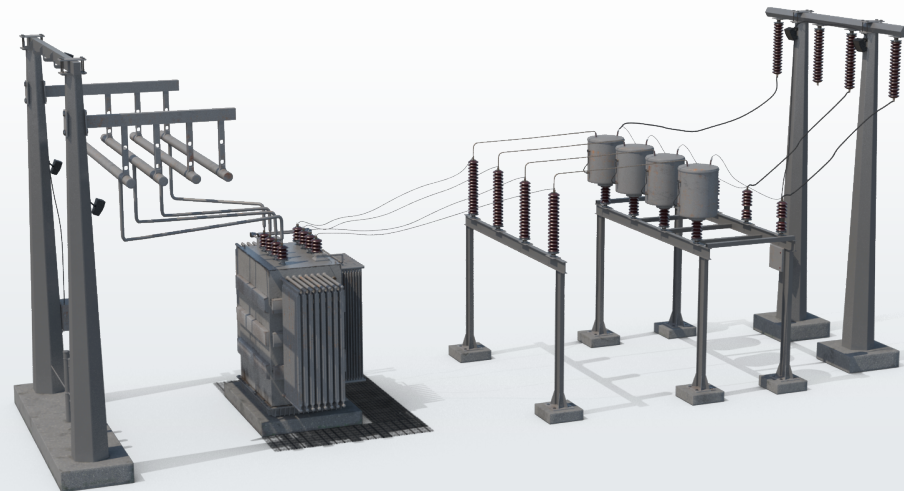
BPMs STATUS OVERVIEW

BPM	Next Steps	RAPC Approval	BOD Approval
203 – Program Sharing Calculation Inputs	RAPC Approval	5/9	6/13
207 – Settlement Process	RAPC Approval	5/9	6/13
209 – Energy Delivery Failure Charge	RAPC Discussion 5/9 – in legal review	5/16	6/13
401 – New Participant Onboarding	RAPC Discussion 5/9 – in legal review	5/16	6/13
402 – Confidential Information	RAPC Further Discussion (<i>as needed</i>)	5/16	6/13
102 – FS Reliability Metrics	RAPC Approval	9/12*	9/19
103 – Participant FS Capacity Requirement	RAPC Glance – in legal review	9/12*	9/19
106 – Qualifying Contracts	RAPC Discussion – in PA/PO review	9/12*	9/19
202 – Participant Sharing Calculation Inputs	RAPC Glance – PA/PO drafting	9/12*	9/19
204 – Holdback Requirement	RAPC Glance – PA/PO drafting	9/12*	9/19
205 – Energy Deployment	RAPC Glance – PA/PO drafting	9/12*	9/19

BPM & STAKEHOLDER ENGAGEMENT TIMELINE



JCAF DISCUSSION



BPM 106 SUMMARY

FORWARD SHOWING – QUALIFYING CONTRACTS

*SEPT. BOARD

- » FS Capacity Requirements can be met with Net Contract QCC
- » Delivery requirements to Contract Capacity Firm Delivery Point
- » Resource-Specific Capacity Agreements
 - QCC based on identified resource(s)
- » System Sales
 - QCC a function of Participant/Non-Participant Buyer/Seller permutations
 - Resources associated with qualified System Sales from sellers that are not Participants do not have to be registered (Tariff change)

REQUIRED TARIFF CHANGE (NTF Proposal)

- » **Tariff Definitions section:**
 - **Change System Sales definition to avoid resource registration**
- » **Tariff section 16.2.7:**
 - **First sentence of RA Transfer content is misleading, and slightly contradictory with remainder of the text (which properly reflects that RA transfers are treated as QCC)**

BPM 106 - JCAF COMMENTS (UNDER REVIEW)

FORWARD SHOWING – QUALIFYING CONTRACTS

**SEPT. BOARD*

- » JCAFs too broadly applied: should focus on system sales, not resource-specific contracts
- » Tariff precludes attestations for Participant-to-Participant sales, and the JCAF constitutes an attestation
- » JCAFs are unnecessary for sales to non-Participants
- » Modify JCAFs to avoid annual attestations
- » Forward showing and attestations should be sufficient without JCAF
- » Significant administrative burden potentially undermining purpose of WRAP

JCAF CONTEXT

FERC PRECEDENT

» 160 FERC ¶ 61,033 on RA Requirement for SPP footprint (August 29, 2017)

– Discussed MISO Resource Adequacy Compliance Order 125 FERC ¶ 61,062

- › “[...] the Commission stated that it did not consider statements by a market participant to be sufficient to constitute verification, and therefore required that MISO be given a copy of the power purchase agreement to allow it to verify the capacity backing the agreement.”

– Commission Determination on SPP

- › “Here, SPP’s proposal lacks a requirement that power purchase agreements be backed by verifiable capacity in order to serve as capacity resources. SPP’s proposal also lacks a process that would allow SPP to verify whether contracts meet such a requirement. As such, SPP’s proposal fails to ensure that LREs that rely on power purchase agreements are providing sufficient capacity to meet their net peak demand plus planning reserve margin on the same basis as LREs that self-supply their own capacity, and therefore could result in unjust, unreasonable and unduly discriminatory determinations of deficiencies and assessments of deficiency payments.”

JCAF IN THE WRAP TARIFF

NET CONTRACT QCC - 16.2.6.1 (RESOURCE-SPECIFIC)

- » Absent one of the exceptions described and limited below, capacity supply agreements qualifying for a Net Contract QCC in the WRAP must be resource specific, and therefore must include, among other requirements
 - an identified source,
 - an assurance that the capacity is not used for another entity's resource adequacy requirements,
 - an assurance that the seller will not fail to deliver in order to meet other supply obligations,
 - and affirmation of NERC priority 6 or 7 firm point-to-point transmission service rights or network integration transmission service rights from the identified resource to the point of delivery/load.
- » The specific resources identified in a capacity supply agreement qualifying for Net Contract QCC shall meet the same Resource QCC accreditation requirements for the given resource type, as specified in Section 16.2.5.

(Draft) JCAF included:

- Resource name
- Transmission attestation for both Participants and non-Participants
- **Non-Participant seller** attestation that (capacity is surplus and) will not fail to deliver to meet other obligations

DRAFT JCAF REQUIREMENTS

BPM 106 QUALIFYING CONTRACTS - RESOURCE-SPECIFIC

		Buyer		
		Participant	Non-Participant	
Seller	Participant	<ul style="list-style-type: none"> • Avoid PA/PO/Board contract arbitration • Meet FERC expectations • Initial one-off JCAF, both sign • Then annual attestation nothing changed • QCC will match JCAF: seller ↓ / buyer ↑ 	<ul style="list-style-type: none"> • Track QCC leaving footprint • Initial one-off JCAF, participant sign • Then annual attestation is same • QCC will match JCAF: seller ↓ 	
	Non-Participant (track QCC entering)	100% off take and must-take/PURPA	<ul style="list-style-type: none"> • No JCAF • Attest to type 	
		100% off take	<ul style="list-style-type: none"> • As Participant seller • Both sign 	
		Less than 100% off take	<ul style="list-style-type: none"> • JCAF with FS • Updated annually 	

JCAF IN THE WRAP TARIFF

NET CONTRACT QCC - 16.2.6.2 (SYSTEM SALES)

- » A system sales contract can qualify for a Net Contract QCC value, provided that if the seller is not a Participant,
 - the system capacity that is the subject of the agreement must be deemed surplus to the seller's estimated needs,
 - there must be an assurance that the seller will not fail to deliver in order to meet other commercial obligations,
 - and there must be NERC priority 6 or 7 firm point-to-point transmission service rights or network integration transmission service rights from the identified resource) to the point of delivery/load.
- » Surplus status may be demonstrated by a Senior Official Attestation with pertinent supporting details for such surplus status, including written assent of the non-Participant Seller, secured by the purchasing Participant.
- » Such attestation is not required if the seller is a Participant, because the information needed to verify surplus status is already available.

(Draft) JCAF included:

- Transmission attestation for both Participants and non-Participants
- **Non-Participant seller attestation** that capacity is surplus and will not fail to deliver to meet other obligations

DRAFT JCAF REQUIREMENTS

BPM 106 QUALIFYING CONTRACTS - SYSTEM SALES

		Buyer	
		Participant	Non-Participant
Seller	Participant	<ul style="list-style-type: none"> • Avoid PA/PO/Board contract arbitration • Meet FERC expectations • Initial one-off JCAF, both sign • Annual attestation nothing changed • QCC will match JCAF: seller ↓ / buyer ↑ 	<ul style="list-style-type: none"> • Track QCC leaving footprint • Initial one-off JCAF, participant sign • Then annual attestation is same • QCC will match JCAF: seller ↓
	Non-Participant	<ul style="list-style-type: none"> • Track QCC entering footprint • JCAF with each FS Submittal • Updated at least annually • Tariff requires <ul style="list-style-type: none"> • Seller attests surplus status • Not fail to deliver 	