WRAP: Cost Expectations Overview

WRAP Cost Expectations

2 Components of WRAP Costs:

Step 1: Cash Working Capital

One-time payment at WRAPA signing

Step 2: Monthly Invoices

Ongoing, Split between Base & Load Cost

Note: Participants who are state regulated will need to pay fees to support [Committee of State Representatives (COSR)]

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CASH WORKING CAPITAL (CWC)

A. **<u>CWC Purpose</u>**: To support WPP's maintenance of sufficient funds on hand to make payments required for the operation and administration of the WRAP on a timely basis.

- One-time charge upon signing WRAPA
- Based on Load Share (P50%) of the current footprint of the program

B. **<u>How CWC is Calculated:</u>**

- **Total Pool**: $3,375,000
- **New Participant CWC** = $3,375,000 * P50 /(Sum of Existing Participants' P50 + Your P50)

<u>Note:</u>

- *Where P50 is the new Participant's P50*
- *If needed, WPP has the right to assess an increment CWC charge – hasn't been done and will not be done lightly*

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CWC Payment Steps

1. WPP and Participant execute WRAPA
2. Participant provides hourly load data from Nov-Dec 2019, and 2020-2025
3. WPP to calculate and provide CWC amount to participant
4. Participant to provide billing information to wrap@westernpowerpool.org
   - Company Name
   - Billing Contact Name
   - Billing Address
   - Billing Contact Email(s)
   - Billing Contact Phone Number
5. WPP to send Invoice to Participant
6. Participant to pay Invoice *(due 30 days after the effective WRAPA date, October 15 at the latest)*

- *Goal is complete CWC a couple of monthly prior to WRAPA effective date to ensure enough time for planning and execution.*
- *Any overcharging due to multiple joining participants will be returned after September 15th*

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Monthly invoices

A. **<u>Purpose</u>**: All other WRAP charges will be included in monthly invoices to all participants based on costs accrued that month.

B. **<u>Two Components:</u>**
- Base Cost – Split equally among Participants
- Load Cost – Based on your P50% (share of total program load)

C. **<u>Active:</u>** Invoicing starts the day of the WRAPA effective date.

WRAP Cost Assignment Matrix

	BASE COSTS	LOAD COSTS	DUAL BENEFIT
Program Administration (non-participant)		100%	
Program Administration (Participant engagement, RAPC facilitation)	100%		
WRAP portion of WPP BOD costs			50%/50%
Program Operations Staffing and Overhead		100%	
Program Operations Technology		100%	
Legal Services		100%	
Independent Evaluator		100%	

Estimated and Max Monthly Charges

- **The WRAP Tariff defines** maximum load (by MW) and base (by Participant) charges that can be assigned to each Participant in a year.

> - **Maximum Annual Charges (Per Tariff):**
>   - <u>Base Cost Cap</u>: $59,000
>   - <u>Load Charge Cap</u>: $199 per MW

- Through the WPP budget process, we have highest confidence estimates for the next 3 years

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P50% for Monthly Invoices

Why Your P50 and P50% Might Change:

Event:	Result:
1. For Each New Forward Showing Validation	All Participants P50 Values can change, as can the P50% used to calculate monthly invoices
2. Participants Joining or Leaving	P50% will change, even if P50 value is not

Each time your P50 or P50% (or both) changes, your RAPC representative and billing contact will receive an emailed letter showing the updated P50 and P50% values.

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WRAP Payment Summary:

- 2 types of Payment as a WRAP Participant
  - CWC charge – paid once upon joining, based on P50%
  - Monthly invoices – paid monthly, split between P50% and per-Participant

- CWC charge due 30 days after WRAPA effective date (September 15th)

- Reach out to Maya McNichol with questions: wrap@westernpowerpool.org

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