



Western  
Area Power  
Administration

# Upper Great Plains Region (WAPA-UGP or UGP) Transmission & Ancillary Services Formula Rates (Rate Order No. WAPA-188)



## Public Information Forums

September 24, 2019 – Omaha, NE

September 25, 2019 – Bismarck, ND

**9am to 10:30am CDT**

Presented by:

Steve Sanders, UGP Operations and  
Transmission Advisor

# Introductions

- Lloyd Linke – UGP Operations Manager
- Gary Hoffman – Attorney-Advisor
- Linda Cady-Hoffman – UGP Rates Manager
- Steve Sanders – UGP Operations and Transmission Advisor
- Sara Baker – UGP Public Utilities Specialist



# Purpose of Meeting

- As described in the *Federal Register* Notice (FRN) published August 22, 2019 (84 FR 43803):
  - Western Area Power Administration (WAPA) Upper Great Plains Region (UGP) proposes new formula rates for the Pick-Sloan Missouri Basin Program—Eastern Division (P-SMBP—ED) transmission and ancillary services effective October 1, 2020.
- WAPA to present detailed explanation of the proposed formula rates and other modifications.
- WAPA to present the calculated October 1, 2020 Transmission & Ancillary Services Formula Rates (and associated 2018 True-ups) based upon the proposed formula rates.

<http://www.oasis.oati.com/WAPA/WAPAdocs/FRN-Proposed-UGP-Trans-Anc-Service-Rates-2019-0822.pdf>



# Rate Process Notifications and Information Postings

- Following the FRN publication, consistent with other SPP Zone 19 (UMZ) Transmission Owners (TOs), WAPA-UGP provided notification and posted information by email on August 23, 2019 about the proposed formula rates to the SPP “Formula Rate Posting Information Notification” Exploder List: [frpin@spplist.spp.org](mailto:frpin@spplist.spp.org)
- All future notices, including Annual Update notices, will also be sent to this SPP Exploder List (“Service List”).



# Rate Process Notifications and Information Postings

- Notices, Detailed Information, Updates, Customer Comments, Status, and all other related postings on this rate process will be posted to or made available at the following locations:
  - 1) WAPA-UGP's OASIS at:  
<http://www.oasis.oati.com/wapa/index.html> under the "Rate Order No. WAPA-188" page in the "Rates" folder;
  - 2) WAPA-UGP's Rates Web Page at:  
<https://www.wapa.gov/regions/UGP/rates/Pages/rates.aspx>; and
  - 3) "Western Area Power Administration UGP Information" link on SPP's *Member Related Postings* website at:  
<http://opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings>.



# Rate Process Notifications and Information Postings

- The direct link to the “Rate Order No. WAPA-188” page, where all the information related to this rate process can be accessed is:  
<http://www.oasis.oati.com/woa/docs/WAPA/WAPAdocs/Rate-Order-No-WAPA-188.htm>.
  - Initial WAPA-UGP OASIS postings on August 23, 2019.
- The following documents will be posted, as available, at the “Rate Order No. WAPA-188” page, or will be provided upon request:
  - 1) Rate Templates (transmission and ancillary services rates) (*Excel*)
  - 2) Rate Schedules (Clean and Redline to prior versions) (*PDF*)
  - 3) Formula Rate Implementation Protocols (*PDF*)



# Rate Process Notifications and Information Postings

The screenshot displays the webSmartOASIS application interface. At the top, the browser address bar shows the URL: <https://www.oasis.oati.com/webSmartOASIS/SysMain?UserName=SteveSanders>. The application header includes the user name "SteveSanders WAPA" and the date "Sun 09/15 22:37 CD". A navigation menu at the top lists: Dashboard, Home, Transactions, ATC/AFC, Reports, Notices, Base Data, Admin, Misc, Window.

The main content area features a "Menu Panel" on the left with a "Select Provider:" dropdown and a "Documents AdminView" section. The "Documents" list includes:

- Rates
- Rate Order No. WAPA-188
- SPP Member Related Postings Link
- SPP RRR File Postings
- UGP 2019 Rates (Revised) Summary/Notices
- UGP 2019 Rates Summary/Notices
- UGP 2018 Rates Summary/Notices
- UGP 2017 Rates Summary/Notices
- UGP 2016 Rates Summary/Notices
- UGP 2015 Rates Summary/Notices
- UGP Rate Schedules
- SPP Tariff
- SPP Tariff Attach AS Schedules for WAUW
- SPP Att. AI Guidance Doc. (Zone 19)
- Rates Calculations
- Standards of Conduct
- System Impact Studies

Two red arrows point from the "Rate Order No. WAPA-188" document in the menu to the main content area. The main content area displays a notification titled "08/23/19: (UGP Transmission/Ancillary Rates for SPP) Notice of Proposed UGP Transmission/Ancillary Rates - Federal Register notice, Announcement of Public Information and Public Comment Forums".

The notification text reads:

As described in the August 22, 2019, Federal Register notice ([FRN-Proposed-UGP-Trans-Anc-Service-Rates-2019-0822.pdf](#)), Western Area Power Administration (WAPA) proposes new formula rates for the Pick-Sloan Missouri Basin Program—Eastern Division (P-SMBP—ED) transmission and ancillary services. These rates will be used by WAPA's Upper Great Plains Region (UGP) to provide rate data to the Southwest Power Pool, Inc. (SPP), the Regional Transmission Organization of which UGP is a member. The existing rates for services expire on September 30, 2020. The proposed rates should not result in increased overall costs to customers compared to the current formula rates because the increase to the Operating Reserves rate is expected to be offset by a similar reduction in the transmission rate. The proposed rates continue the formula-based methodology that includes an annual update to the financial data in the rate formulas with only limited changes to: (1) The Rate Formula Templates to increase transparency; (2) the Rate Formula Implementation Protocols to clarify UGP's rate implementation and annual update procedures; (3) the Operating Reserves formula rates to incorporate costs associated with UGP's current reserve sharing group membership; and (4) the Rate Schedules for Energy Imbalance and Generator Imbalance to accommodate possible participation in a Western Interconnection energy imbalance service market. WAPA intends the proposed formula-based rates, if adopted, to go into effect on October 1, 2020. The charges under the rates would be updated on January 1 of each year thereafter. The proposed formula rates would remain in effect until September 30, 2025, or until WAPA changes the formula rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.

Transmission and ancillary services are provided by SPP over UGP facilities transferred to the functional control of SPP under the SPP Open Access Transmission Tariff (SPP Tariff). UGP needs to adopt new formula rates for these transmission and ancillary services so UGP's costs can continue to be recovered under the SPP Tariff. The proposed formula rates provide UGP sufficient revenue to pay all annual costs, including interest expenses, and repay investment. UGP's membership in SPP and the functional control of its facilities is in accordance with the SPP Membership Agreement, Bylaws, and Tariff (SPP Governing Documents) and other contractual arrangements with SPP.

WAPA provided notification and posted information by email on August 23, 2019 about the proposed formula rates to the SPP "Formula Rate Posting


©2019 OATI webSmartOASIS® (2.8.0.0) - Open Access Technology International, Inc. All Rights Reserved.





# Rate Process Notifications and Information Postings

https://www.oasis.oati.com/ - Rate Order No. WAPA-188 - Internet Explorer



## Western Area Power Administration

**Western Area Power Administration (WAPA)  
Upper Great Plains Region (UGP)  
Rate Order No. WAPA-188**

**Last Update: 08/23/19: Notice of Proposed UGP Transmission/Ancillary Rates - Federal Register notice, Announcement of Public Information and Public Comment Forums**

---

**08/23/19: (UGP Transmission/Ancillary Rates for SPP) Notice of Proposed UGP Transmission/Ancillary Rates - Federal Register notice, Announcement of Public Information and Public Comment Forums**

As described in the August 22, 2019, Federal Register notice ([FRN-Proposed-UGP-Trans-Anc-Service-Rates-2019-0822.pdf](#)), Western Area Power Administration (WAPA) proposes new formula rates for the Pick-Sloan Missouri Basin Program—Eastern Division (P-SMBP—ED) transmission and ancillary services. These rates will be used by WAPA's Upper Great Plains Region (UGP) to provide rate data to the Southwest Power Pool, Inc. (SPP), the Regional Transmission Organization of which UGP is a member. The existing rates for services expire on September



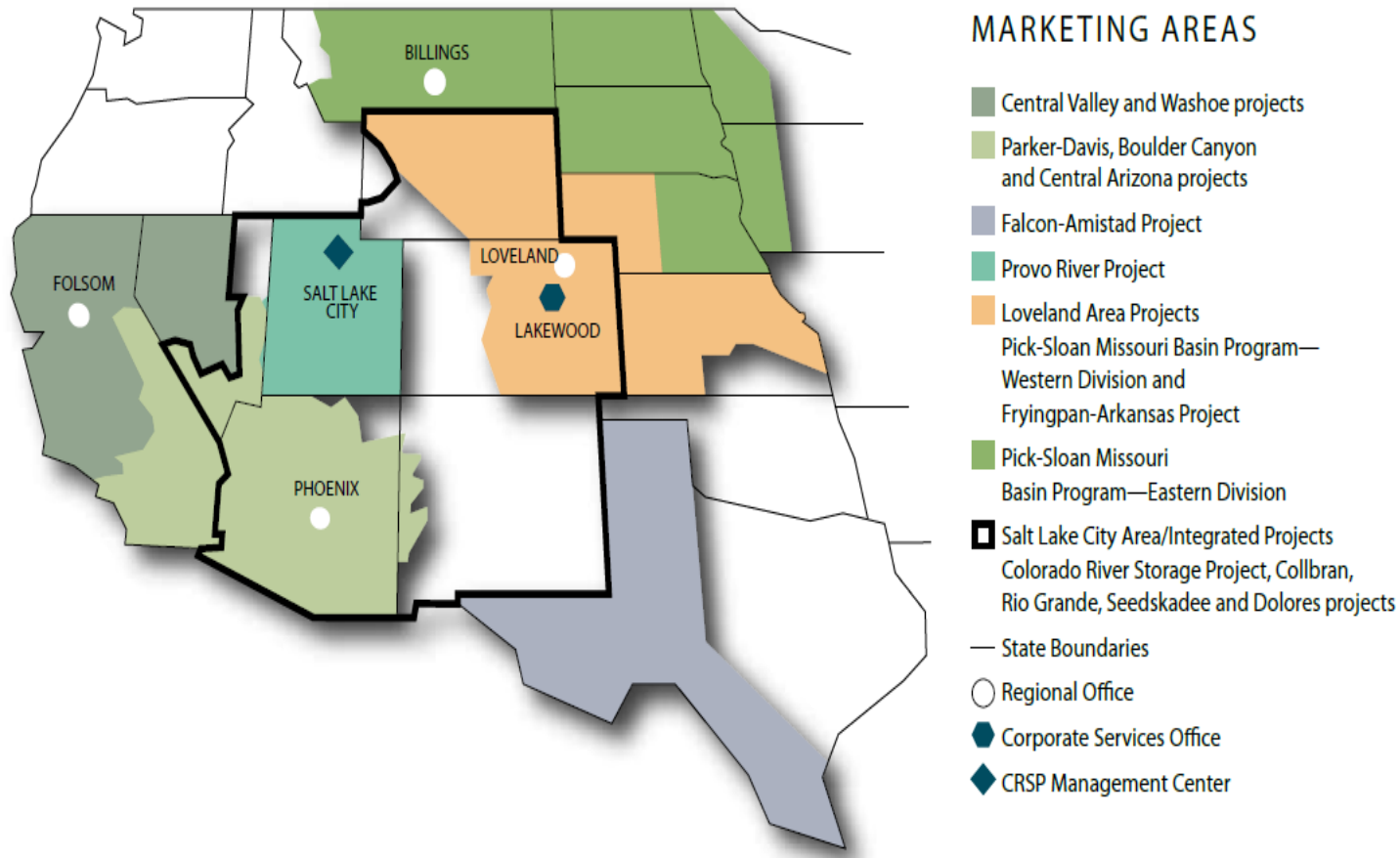


# Public Process Overview

- Federal Register Notice published August 22, 2019
- Public Information Meetings, September 24-25, 2019
- Public Comment Forums, September 24-25, 2019
- 90-day Comment Period
- Comment Period Closes – November 20, 2019
- Spring 2020, WAPA will publish a final FRN of Transmission and Ancillary Services Formula Rates



# Western Area Power Administration Upper Great Plains Region (Pick-Sloan Missouri Basin Program – Eastern Division)

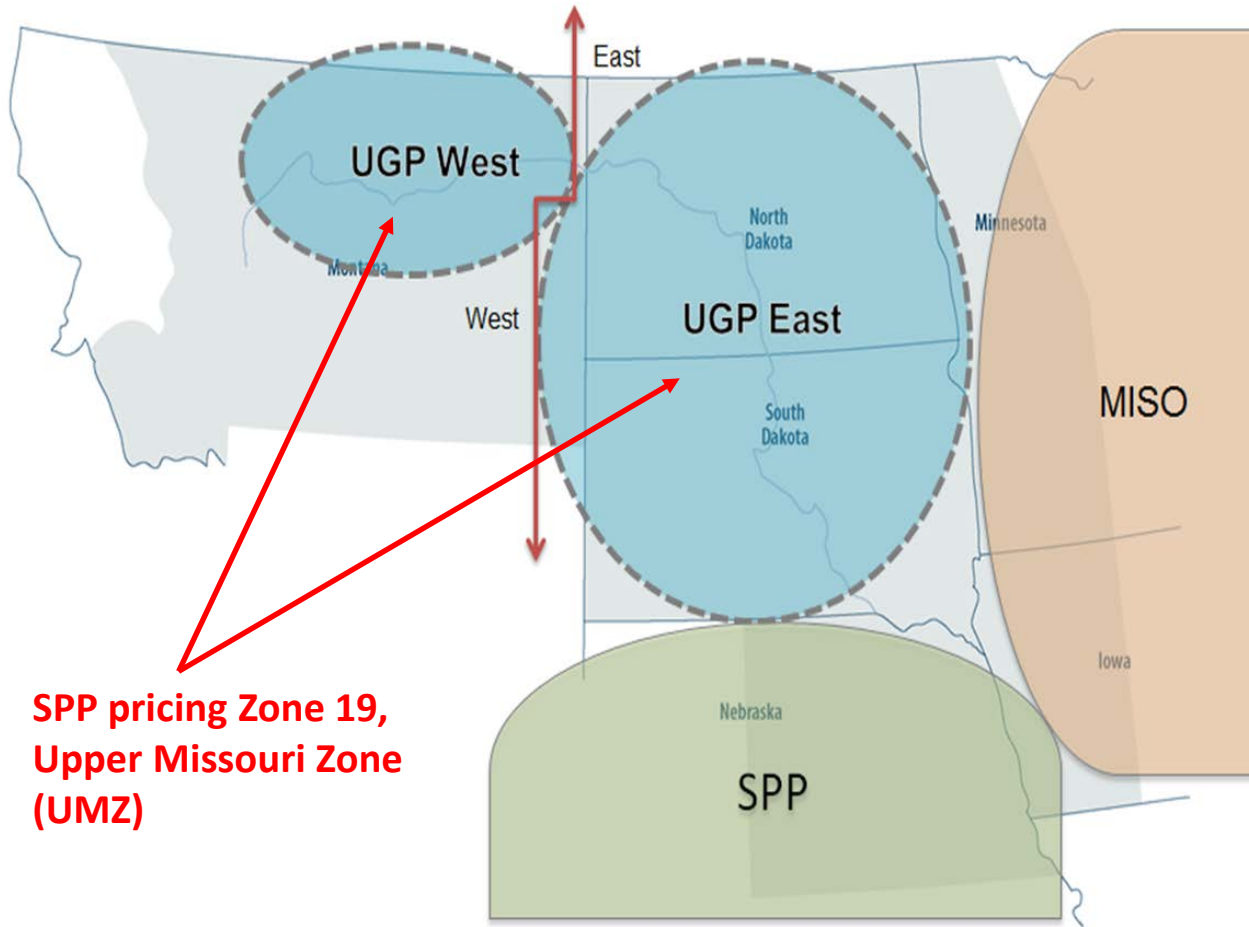


# WAPA-UGP Membership in Southwest Power Pool, Inc. (SPP)

- UGP is a Transmission Owner member of SPP pursuant to negotiated provisions in its SPP Membership Agreement and the SPP Bylaws and SPP Open Access Transmission Tariff (SPP OATT).
- Transmission and ancillary services are provided by SPP under the SPP OATT for UGP's facilities transferred to the functional control of SPP.
- UGP needs formula rates for transmission and ancillary services so that UGP's costs can be recovered under the SPP OATT.
- UGP's revenue requirements are added to the annual revenue requirements of other transmission owners in the multi-owner SPP pricing Zone 19, also identified as the Upper Missouri Zone (UMZ) for transmission service billed by SPP within the UMZ. UGP's revenue requirements under these proposed rates also impact other costs for transmission service within the broader SPP footprint.



# SPP Upper Missouri Zone (“UMZ”) UGP East and West Overview



**SPP pricing Zone 19,  
Upper Missouri Zone  
(UMZ)**



# UGP East (Eastern Interconnection)

- UGP's Transmission Facilities in the Eastern Interconnection (EI) are included in the UMZ (SPP pricing Zone 19) under WAPA-UGP's SPP Membership Agreement.
- Transmission Service on UGP's EI facilities is provided by SPP on SPP's OASIS under SPP's Tariff.
- SPP Integrated Marketplace (IM) extends over the EI facilities. All east loads that are not metered out are subject to SPP IM requirements.
- All Ancillary Services under the general provisions of the SPP Tariff.



# UGP West (Western Interconnection)

- UGP's Transmission Facilities in the Western Interconnection (WI) are included in the UMZ (SPP pricing Zone 19) under WAPA-UGP's Westside Agreement with SPP (Attachment AS under SPP Tariff).
- Transmission Service on UGP's WI facilities is provided by SPP on SPP's OASIS under SPP's Tariff.
- SPP Integrated Marketplace (IM) DOES NOT extend over the WI facilities.
- UGP maintains the WAUW Balancing Authority Area and provides required Ancillary Services under the SPP Tariff as the Balancing Authority.
- On September 9, 2019, UGP announced its decision to join SPP's Western Energy Imbalance Service (WEIS) market as the Balancing Authority, and therefore the all loads/generation in the WAUW Balancing Authority Area will be subject to the WEIS on or around February 2021 when the WEIS is expected to be launched by SPP.



# Existing WAPA-UGP Transmission & Ancillary Service Rates

- On November 19, 2015, FERC approved (**Note 1**) and confirmed Rate Schedules WAUGP-ATRR, WAUGP-AS1, WAUW-AS3, WAUW-AS4, WAUW-AS5, WAUW-AS6 and WAUW-AS7 under Rate Order No. WAPA-170 on a final basis for a 5-year period through September 30, 2020.
- These existing rate schedules consist of separate formula-based rates for transmission service and ancillary services for the transmission facilities in the P-SMBP--ED that UGP transferred to the functional control of SPP.
- Existing rates are posted on Western-UGP OASIS Home Page (in “Rates” Folder) at link:  
<http://www.oasis.oati.com/wapa/index.html>

(**Note 1**) Order Confirming and Approving Rate Schedules on a Final Basis, FERC Docket No. EF15-8-000, 153 FERC ¶ 61,213 (2015). FERC also accepted the inclusion of UGP’s revenue requirements for transmission and ancillary services under the SPP Open Access Transmission Tariff, FERC Docket No. ER15-2354-000, 152 FERC ¶ 61,257 (2015)





# Proposed WAPA-UGP Transmission & Ancillary Service Rates (10/1/2020)

- The proposed rates **continue the formula-based methodology of the Existing Rates** that includes an annual update to the financial data in the rate formulas **with only limited changes** to:
  - 1) the Formula Rate Templates to increase transparency;
  - 2) the Formula Rate Implementation Protocols to clarify UGP's rate implementation and annual update procedures;
  - 3) the Operating Reserves formula rates to incorporate costs associated with UGP's current reserve sharing group membership; and
  - 4) the Rate Schedules for Energy Imbalance and Generator Imbalance to accommodate possible participation in a Western Interconnection energy imbalance service market.



# Proposed Changes to ATRR Rate Formula Template

- Cost data is submitted to SPP in standard revenue requirement templates and classified as either “Zonal” or “Regional” costs as defined under the SPP Tariff. “Zonal” costs are recovered within the local pricing zone while “Regional” costs are recovered across the entire SPP footprint.
- WAPA-UGP is only proposing changes to the ATRR Formula Rate Template to more clearly and transparently document the facilities and associated portion of WAPA-UGP’s costs that are classified as “Zonal” versus “Regional” under the SPP Tariff.
- The ATRR Formula Rate Template changes will include breakouts of the annual revenue requirement for each individual Base Plan Upgrade, as defined under the SPP Tariff, assigned to and funded by WAPA-UGP, along with “Regional” and “Zonal” allocation of the total net annual revenue requirement for each Project (***see Attachment #2 in the Customer Meeting Brochure***).



# Proposed Changes to Formula Rate Implementation Protocols

- For transmission and ancillary services provided under the SPP Tariff, WAPA-UGP proposes to continue to provide necessary information related to WAPA-UGP's rate implementation and annual updates in our Formula Rate Implementation Protocols (Protocols), which together with the Formula Rate Templates (Templates), comprise the Formula Rates submitted to SPP for incorporation into the SPP Tariff.
- WAPA-UGP proposes changes to its current Protocols to clarify and include additional detail regarding WAPA-UGP's rate implementation and annual update procedures (*see Attachment #4 in the Customer Meeting Brochure*).
- WAPA-UGP was one of the first transmission owners in the UMZ to develop Protocols. With the subsequent addition of more members in the UMZ, WAPA-UGP, is updating its Protocols to be more consistent with the approved Protocols of other UMZ transmission owners.



# Proposed Changes to Operating Reserves formula rates

- UGP is currently a member of the Northwest Power Pool (NWPP) reserve sharing group.
- UGP is proposing changes to the Operating Reserves formula rates to incorporate costs associated with UGP's current reserve sharing group membership (***see Attachment #2 in the Customer Meeting Brochure***).
  - Changes are reflected on next slide in yellow highlighted sections.



# Proposed Changes to Operating Reserves formula rates

Western-UGP 2020 Estimate				
Rate for Reserves		(EXAMPLE ONLY, USING 2019 DATA)		
Line No.	DESCRIPTION (1)	RESERVES (2)	REFERENCE (3)	
1	Fixed Charge Rate	14.026%	(1)	
2	Corps Generation Net Plant Costs (\$)	\$ 504,325,009	(2)	
3	Annual Corps Generation Cost (\$)	\$ 70,736,495	L1*L2	
4	Plant Capacity (kW)	2,295,000		
5	Cost/kW (\$/kW-Yr)	\$ 30.82	L3/L4	
6	Monthly Charge (\$/kW-mo)	\$ 2.57		
7	Western's Maximum Load in WAUW Control Area (kW)	168,000	(3)	
8	Maximum Generation in WAUW Control Area (kW)	97,500	(4)	
9	Capacity used for Reserves (kW) -- 3% Load + 3% Gen	7,965	L7*3% + L8*3%	
10	Annual Reserves Revenue Requirement	\$ 245,497	L9*L5	
11	Over Collection - 2018 WAUW Reserve Revenue Rqmt	\$ (5,809)		
12	Annual Reserve Sharing Group Cost	\$	(5)	
13	Total Regulation Reserves Rqmt with True-up	\$ 239,688	L10+L11+L12	
(1)	Determination of Pick-Sloan Missouri Basin Program, Eastern Division			
	Annual Generation Revenue Requirement for 2020 Rate			
(2)	Generation Net Plant Costs include the total Corps Generation Plant-in-Service less total Corps Generation Plant depreciation			
(3)	WAUW load monthly peaks for 2018			
(4)	Northwest Power Pool Reserve Sharing System			
(5)	Annual cost associated with Western-UGP's current reserve sharing group membership			



# Proposed Changes to Energy Imbalance/Generator Imbalance Rate Schedules

- On September 9, 2019, UGP announced its decision to join SPP's Western Energy Imbalance Service (WEIS) market as the Balancing Authority, and therefore the all loads/generation in the WAUW Balancing Authority Area will be subject to the WEIS or or around February 2021 when the WEIS is expected to be launched by SPP.
- The Rate Schedules for Energy Imbalance and Generator Imbalance are modified to accommodate possible participation in a Western Interconnection energy imbalance service market.



# Proposed Changes to Energy Imbalance/Generator Imbalance Rate Schedules

- Specifically, the EI/GI Rate Schedules reflect that:
- “In the event that WAPA-UGP participates in a Western Interconnection energy imbalance service market in the WAUW as the Balancing Authority:”
  - “Charges to the SPP Transmission Customer shall reflect only the pass-through of the applicable charges associated with the Western Interconnection energy imbalance service market assessed to WAPA-UGP as the WAUW BA for embedded load and/or generation in the WAUW of such SPP Transmission Customer that does not make adequate alternate arrangements in such Western Interconnection energy imbalance service market or other alternative comparable arrangements pursuant to the SPP Tariff to satisfy its Energy Imbalance/Generator Imbalance Service obligation.”

***(See Attachment #3 in the Customer Meeting Brochure for EI/GI Rate Schedule changes.)***





# Proposed WAPA-UGP Transmission & Ancillary Service Rates (10/1/2020)

- WAPA intends the proposed formula-based rates, if adopted, to go into effect on October 1, 2020.
- The charges under the rates would be updated on January 1 of each year thereafter.
- The proposed formula rates would remain in effect until September 30, 2025, or until WAPA changes the formula rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.



# Proposed WAPA-UGP Transmission & Ancillary Service Rates (10/1/2020)

- The calculated October 1, 2020 Transmission & Ancillary Services Formula Rates (and associated 2018 True-ups) based upon the proposed formula rates are available on the WAPA-UGP OASIS at:  
<http://www.oasis.oati.com/woa/docs/WAPA/WAPAdocs/Rate-Order-No-WAPA-188.htm>



# More Information

Western-UGP OASIS Home Page (See “Rate Order No. WAPA-188” page in “Rates” Folder)

<http://www.oasis.oati.com/wapa/index.html>

SPP Member Related Posting Page

<http://opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings>

UGP Rates Information

<https://www.wapa.gov/regions/UGP/rates/Pages/rates.aspx>

The direct link to the “Rate Order No. WAPA-188” page, where all the information related to this rate process can be accessed is:

<http://www.oasis.oati.com/woa/docs/WAPA/WAPAdocs/Rate-Order-No-WAPA-188.htm>



# Questions

Lloyd Linke (605) 882-7500 – [Lloyd@wapa.gov](mailto:Lloyd@wapa.gov)

Steve Sanders (406) 255-2840 – [sanders@wapa.gov](mailto:sanders@wapa.gov)

Linda Cady-Hoffman (406) 255-2920 - [cady@wapa.gov](mailto:cady@wapa.gov)

Sara Baker (406) 255-2924 – [sbaker@wapa.gov](mailto:sbaker@wapa.gov)



# Comment Addresses

## **Public Comment Forum to follow this meeting.**

Please send written comments by email to [UGPTRates@wapa.gov](mailto:UGPTRates@wapa.gov)  
or to the address below:

Rates Manager

Upper Great Plains Region, Western Area Power Administration

2900 4<sup>th</sup> Ave North, Billings, MT 59101-1266

Fax: (406) 255-2900

**Comments must be received by  
November 20, 2019.**

