



RESOLUTION NO. U-11366

1 A RESOLUTION authorizing the Director to execute a new Western Resource
2 Adequacy Program Agreement (WRAPA) to enable Tacoma Power's
3 participation in the Western Resource Adequacy Program (WRAP),
4 contingent upon approval of the proposed Amended WRAP Tariff by the
5 Federal Energy Regulatory Commission without changes.

6 WHEREAS the Department of Public Utilities, Light Division, (d/b/a
7 "Tacoma Power"), requests authority for the Director to execute a new Western
8 Resource Adequacy Program Agreement (New WRAPA), contingent upon the
9 Federal Energy Regulatory Commission (FERC) approving the Amended
10 WRAP Tariff without changes, and

11 WHEREAS, at the Board's meeting of November 16, 2022, the Board
12 adopted Resolution U-11363 authorizing the Director to execute the initial
13 proposed WRAPA contingent upon the initial proposed WRAP Tariff being
14 approved by FERC without changes, and

15 WHEREAS FERC issued a Deficiency Letter concerning the original
16 proposed WRAP Tariff with questions seeking further clarification and potential
17 changes to the WRAP Tariff, and

18 WHEREAS the Western Power Pool (WPP) has submitted an Amended
19 WRAP Tariff with further clarification in response to FERC's Deficiency Letter,
20 and

21 WHEREAS the changes to the original WRAP Tariff that are set forth in
22 the Amended WRAP Tariff will not have a material impact on Tacoma Power
23 and thus Tacoma Power recommends that the Board authorize the Director to
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execute the New WRAPA contingent upon FERC approving the Amended
1 WRAP Tariff without changes,

2 WHEREAS execution of the New WRAPA will enable Tacoma Power to
3 participate in the Western Resource Adequacy Program (WRAP) administered
4 and provided by the Western Power Pool (WPP), and
5

6 WHEREAS, because the changes to the Amended WRAP Tariff are not
7 material, the detailed discussion of the reasons for the WRAP, the description
8 of the WRAP, and the discussion of the WRAP programs found in Resolution U-
9 11363 remains accurate and applicable to the New WRAPA and the Amended
10 Wrap Tariff, and
11

12 WHEREAS Parties signing the New WRAPA agree to be bound by the
13 terms, conditions, and rate provisions of the Amended Western Resource
14 Adequacy Program Tariff, and
15

16 WHEREAS the New WRAPA signatories: (1) certify that they are qualified
17 to participate in the WRAP and comply with all applicable terms and conditions,
18 (2) agree to pay all costs associated with WRAP, (3) agree that WRAP
19 participation is voluntary subject to the terms and conditions of the New
20 WRAPA and Amended Tariff, (4) may withdraw from the New WRAPA by
21 providing 24 month written notice prior to the next binding Forward Showing
22 Program period, (5) do not waive their non-jurisdictional status and are not
23 required to take any action or participate in any filing or appeal that could confer
24 FERC jurisdiction over the signatory but the non-jurisdictional signatories
25
26



acknowledge that FERC has jurisdiction over the WRAP and participant's activities in the WRAP, and

WHEREAS, certain aspects of the WRAP arguably invoke FERC's jurisdiction over the WRAP, therefore, the WRAP design needs to satisfy various statutory and FERC regulatory standards including being just and reasonable, and not unduly discriminatory or preferential, and

WHEREAS, Tacoma Power requests that the Board authorize the Director to execute the New WRAPA, committing Tacoma Power to compliance with the Amended WRAP Tariff filed with FERC in August and amended on December 12, 2022, conditioned on FERC accepting the Amended WRAP Tariff with no modifications, and

WHEREAS the New WRAPA will be effective January 1, 2023, conditioned on FERC approving the Amended WRAP Tariff without changes,

WHEREAS if the Amended WRAP Tariff is not approved by FERC without changes, the Board's authorization to participate in the WRAP under the Amended WRAP Tariff will expire and Tacoma Power's obligations under the New WRAPA would be unwound, and Tacoma Power staff will provide an overview of any revised tariff and determine whether to recommend approval of a further modified tariff, Now, Therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

Tacoma Power is authorized to participate in the Western Resource Adequacy Program under the Amended WRAP Tariff contingent upon FERC's approval of the Amended Western Resource Adequacy Program Tariff without



changes, and the Director is authorized to execute the new Western Resource Adequacy Program Agreement, substantially in the form on file with the Clerk of the Board and as approved by the City Attorney, contingent upon FERC approval of the Amended Western Resource Adequacy Program Tariff without changes.

Approved as to form:

/s/
Chief Deputy City Attorney

Chair

Secretary

Clerk

Adopted _____



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Ray Johnson, Assistant Power Manager
MEETING DATE: December 14, 2022
DATE: December 8, 2022

STRATEGIC DIRECTIVE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Strategic Directives is supported by this action.

- | | |
|--|--|
| <input type="checkbox"/> SD1 – Equity & Inclusion | <input type="checkbox"/> SD8 – Telecom |
| <input checked="" type="checkbox"/> SD2 – Financial Sustainability | <input type="checkbox"/> SD9 – Economic Development |
| <input type="checkbox"/> SD3 – Rates | <input type="checkbox"/> SD10 – Government Relations |
| <input type="checkbox"/> SD4 – Stakeholder Engagement | <input checked="" type="checkbox"/> SD11 – Decarbonization/Electric Vehicles |
| <input type="checkbox"/> SD5 – Environmental Leadership | <input type="checkbox"/> SD12 – Employee Relations |
| <input type="checkbox"/> SD6 – Innovation | <input type="checkbox"/> SD13 – Customer Service |
| <input checked="" type="checkbox"/> SD7 – Reliability & Resiliency | <input checked="" type="checkbox"/> SD14 – Resource Planning |

SUMMARY:

Tacoma Power requests authority to execute an amended version of the Western Resource Adequacy Program Agreement (WRAPA).

In August 2022, the Western Power Pool (WPP) filed a tariff with the Federal Energy Regulatory Commission (FERC) to gain approval for the Western Resource Adequacy Program (WRAP). On 11.21.2022 the WPP received a deficiency letter from FERC staff that included several questions and requests for additional information. On 11.30.2022 the WRAP participants committee met and agreed to add language to the tariff along with several accompanying narrative explanations in response. These changes help clarify several elements of the filing; they do not have any material impacts to program design. The WPP will file an amended tariff with FERC the week of December 4th and then distribute a new WRAPA for execution. Below is a brief summary of the tariff modifications:

Modification 1

- The modifications clarify rules related to the transmission forward showing. Specifically, an entity may seek one of four exceptions to allow it to procure less than 75% of firm transmission capacity typically required to satisfy its forward showing requirements. The clarification provides that if the only transmission available for purchase is for a term longer than one year, an entity may not utilize two of the exceptions for the same transmission path in the same season in the subsequent year.
- This does not impact Tacoma Power because we expect to have sufficient firm transmission to cover over 100% of our forward showing requirement. We do not expect this modification to have an impact on the effectiveness of the program.

Modification 2

- The second modification adds new language clarifying which data sources WPP can look at when evaluating the exception request of a participant. We do not expect this modification to have an impact on the effectiveness of the program.



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The Public Utility Board granted the Director authority to execute the original WRAPA on 11.16.2022. The proposed resolution will authorize the Director to execute the new WRAPA and commit the utility to the provisions of the amended WRAP tariff, conditioned upon approval by FERC without changes. *The Director will be granted authority to immediately execute the new WRAPA, with an effective date of January 1, 2023 conditioned upon FERC approval of the Amended WRAP Tariff without changes.* Executing the new WRAPA now will ensure continued funding and planning to implement the WRAP as soon as it is approved by FERC.

BACKGROUND:

Today, resource adequacy planning is conducted on utility-by-utility basis under individual utility Integrated Resource plans. Varying levels of emphasis are placed on regional factors. There is no uniform/standardized method for measuring resource adequacy or sufficient reliability. Utility-specific planning can make assumptions about regional capacity availability that may not be realistic. There is insufficient market/price signals to construct new capacity when utilities are procuring/building for their specific IRP needs based on their own load forecasts and assessments of available capacity. Planning on a utility-by-utility basis fails to account for regional diversity in peak loads (e.g., winter vs. summer) and resource contributions (e.g., wind rich vs. solar rich areas). *In response to these challenges, the Western Power Pool (WPP) has created the Western Resource Adequacy Program (WRAP).*

Joining WRAP provides multiple benefits and is aligned with the Public Utility Board's Strategic Directives:

1: Increased Reliability

- WRAP establishes a capacity "backstop". Tacoma Power can access pooled capacity when loads are high and/or if we unexpectedly lose a generating unit for a long duration. As generating capacity becomes scarce in the region it is not a safe assumption that that market will always be available to make up shortfalls.
- **Aligned with Strategic Directive #7: Reliability & Resiliency**

2: Investment Savings

- The Program unlocks cost savings from overall regional reductions in planning reserve margins compared to localized approach, and from helping optimize reliance on existing capacity. This means Tacoma Power needs less capacity by being in the program vs. operating outside of it. The cost of building new "Clean Firm" capacity is high and uncertain; being in the program helps shield Tacoma Power customers from large resource acquisition costs.
- **Aligned with Strategic Directive #2: Financial Sustainability**

3: Decarbonization

- As the West transitions to a zero-carbon generation mix and decarbonizes the economy, it is critical that sufficient dispatchable generation capacity is maintained to ensure reliability. Utilities must fulfill energy and capacity demands created by electrification of transportation, buildings, and industry. WRAP will support investment in emerging generation and storage technologies needed to meet environmental objectives.
- **Aligned with Strategic Directive #11: Decarbonization**

4: Coordinated Regulation

- WRAP represents a unique west-wide collaborative effort. If this effort fails, it is likely that individual States will implement a patchwork of resource adequacy regulation. The Federal Energy Regulatory Commission (FERC) is concerned about resource adequacy as well. It has voiced support for WRAP and has urged



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western utilities to implement it as soon as possible. If this effort fails, it is likely that FERC will introduce resource adequacy regulation.

- Aligned with Strategic Directive #14: Resource Planning

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.

The costs could result in a small variance to the budget, but they will likely be offset by other benefits. The costs of WRAP program dues (approximately \$240,000 per year) are very small relative to Tacoma Power's annual power supply budget.

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? Yes

ATTACHMENTS:

Amended WRAP Tariff (filed at FERC on 12.12.2022)

Amended WRAPA

FERC Deficiency Letter (received on 11.21.2022)

Tariff modifications and narrative responses (filed at FERC on 12.12.2022)

Resolution U-11363 (approved on 11.16.2022)

CONTACT:

Contact and Presenter:

Ray Johnson, Assistant Power Manager, 253.502.8025.

Supervisor:

Clay Norris, Power Manager, (253) 320-0786.

For the Responses to Questions 2 and 3

16.3.2 A Participant may include in its Forward Showing Submittal a request for an exception from a limited part of its FS Transmission Requirement, provided the exception request meets the terms, conditions, and limitations of one or more of the following four exception categories:

16.3.2.1 Enduring Constraints. Participant is unable to demonstrate sufficient NERC Priority 6 or NERC Priority 7 firm point-to-point or network integration transmission service rights on any single segment of a source to sink path for a Qualifying Resource; and Participant demonstrates that no ATC for such transmission service rights is available (either from the transmission service provider or through a secondary market) at the FS Deadline on the applicable segment for the Month(s) needed (for a duration of one year or less) at the applicable Open Access Transmission Tariff rate or less; and Participant submits a Senior Official Attestation that Participant has taken commercially reasonable efforts to procure firm transmission service rights, and that Participant has posted Firm Transmission Requirements on a relevant bulletin board prior to the FS Deadline. In the event such transmission service rights are only available for a duration of more than one year (whether from the transmission service provider or through a secondary market) at the FS Deadline on the applicable segment for the Month(s) needed at the applicable Open Access Transmission Tariff rate or less, a Participant is not required to obtain such service in order to qualify for the Enduring Constraints exception hereunder. Notwithstanding the foregoing, if such Participant declines to obtain such available service and is granted the exception hereunder, such Participant shall not qualify for an exception hereunder for the same path (or across the same constraint) for the same season of the subsequent year if the Participant again declines to obtain such transmission service rights that are available for a duration of more than one year. In addition to the foregoing, Participant must further demonstrate that there was remaining available transmission transfer capability (i.e., non-firm ATC after the fact) for all CCHs in the same season of the most recent year for which CCHs have been calculated; or, if the path was constrained in at least one CCH of the CCHs in the same season of the most recent year for which CCHs have been calculated, Participant in that case must demonstrate either that it is constructing or contracting for a new local resource for at

least the amount of the exception requested, or that it is pursuing long-term firm transmission service rights by entering the long-term queue and taking all appropriate steps to obtain at least the amount of the exception requested.

16.3.2.2 Future Firm ATC Expected. Participant demonstrates that ATC for NERC Priority 6 or NERC Priority 7 firm point-to-point or network integration transmission service rights is not posted or available prior to the FS Deadline (for a duration of one year or less) at the applicable Open Access Transmission Tariff rate or less, and that the transmission service provider has, after the FS Deadline, released additional ATC for such transmission service rights in every one of the CCHs of the most recent year for which CCHs have been calculated on the applicable path. In the event ATC for such transmission service rights is only posted or available prior to the FS Deadline for a duration of more than one year (whether from the transmission service provider or through a secondary market) on the applicable segment for the Month(s) needed at the applicable Open Access Transmission Tariff rate or less, a Participant is not required to obtain such service in order to qualify for the Future Firm ATC Expected exception hereunder. Notwithstanding the foregoing, if such Participant declines to obtain such available service and is granted the exception hereunder, such Participant shall not qualify for an exception hereunder for the same path (or across the same constraint) for the same season of the subsequent year if the Participant again declines to obtain such transmission service rights that are available for a duration of more than one year. The Participant must also demonstrate that the exception request meets volume and duration limitations specified in the Business Practice Manuals.

16.3.2.3 Transmission Outages and Derates. Participant demonstrates that an applicable segment of its existing transmission service rights from its source to sink path for its Qualifying Resource is expected to be derated or out-of-service and the ATC for NERC Priority 6 or NERC Priority 7 firm point-to-point or network integration transmission service rights is not otherwise available, and that the exception request meets volume and duration limitations specified in the Business Practice Manuals.

16.3.2.4 Counterflow of a Qualifying Resource. Participant demonstrates that either: (i) Participant's use of firm

transmission service in connection with the delivery of capacity from Participant's Qualifying Resource (or from the resource associated with its Net Contract QCC) to Participant's load (or other qualifying delivery point permitted by the WRAP) or (ii) a second Participant's use of firm transmission service in connection with the delivery of capacity from the second Participant's Qualifying Resource (or from the resource associated with its Net Contract QCC) to the second Participant's load (or other qualifying delivery point permitted by the WRAP) provides a direct and proportional counterflow transmission that supports the first Participant's delivery of capacity from the first Participant's Qualifying Resource (or from the resource associated with its Net Contract QCC) to the first Participant's load (or other qualifying delivery point permitted by the WRAP) Qualifying Resource to their load. If the exception is requested under subpart (ii) of this subsection, the Participant requesting the exception shall include a written acknowledgement from the second Participant that it is aware of such exception request.

As more fully set forth in the Business Practice Manuals, such exceptions may be subject to overall WRAP limits, and shall be supported by a Senior Official Attestation. WPP will consider the exception category terms, conditions and limitations set forth above, and may consider the completeness of the exception request, information from transmission service providers, OASIS data, and data readily available to WPP from other reliable and validated sources concerning the duration, timing, firmness and quantity of available transmission service or equivalent options (including transmission construction) and other relevant data and information, in determining whether to grant or deny a transmission exception request. WPP shall provide such determination no later than sixty days after submission of such Participant's FS Submittal containing such transmission exception request. A Participant denied an exception request hereunder may appeal such denial to the Board of Directors in accordance with the procedures and deadlines set forth in the Business Practice Manuals. In such event, the requested exception shall be denied or permitted as, when and to the extent permitted by the Board, in accordance with the procedures and timing set forth in the Business Practice Manuals. WPP shall give notice of any exception granted hereunder in the time and manner provided by the Business Practice Manuals.

A Participant granted a transmission exception under either Section 16.3.2.1 or Section 16.3.2.2 must complete a monthly transmission exception check report demonstrating that either (i) the

circumstances necessitating the exception have not changed; (ii) transmission has become available and the Participant has acquired it; or (iii) the Participant has acquired a different resource, and associated transmission service rights, and no longer requires the exception. Failure to timely submit a required monthly report will result in assessment of a Deficiency Charge, unless the deficiency is cured within seven days of notice of non-compliance.

For the Response to Question 4

- 5.1 WPP shall engage an Independent Evaluator to provide an independent assessment of the performance of the WRAP and any potential beneficial design modifications. The Independent Evaluator shall report directly to the Board of Directors.
- 5.2 The Independent Evaluator shall conduct an annual review of the WRAP, including but not limited to analyzing prior year program performance, accounting and settlement, and program design.
- 5.3 The Independent Evaluator shall prepare an annual report of its findings, and any recommended modifications to WRAP design, and present its findings to the WRAP committees and the Board of Directors, subject to any necessary confidentiality considerations. Any data included in the Independent Evaluator's report shall be reported on an aggregated basis as applicable to preserve confidentiality. The Independent Evaluator's annual reports shall be available to the public, except to the extent they contain information designated as confidential under this Tariff, or information designated as confidential by the Independent Evaluator.
- 5.4 The Independent Evaluator shall not:
 - 5.4.1 Evaluate individual Participants.
 - 5.4.2 Possess any decision-making authority regarding the WRAP or design modifications.
 - 5.4.3 Evaluate WPP's day-to-day operations of the WRAP (except as part of review of prior year program performance).

ATTACHMENT A

Western Resource Adequacy Program Agreement

January 1, 2023, conditioned on FERC acceptance of the WRAP Tariff as filed on August 31, 2022 and amended on December 12, 2022, without further modification
This Western Resource Adequacy Program Agreement (“Agreement”) dated as of _____ (“Effective Date”) is entered into by and between Western Power Pool Corporation (“WPP”) and _____ (“Participant”). WPP and Participant are each sometimes referred to in the Agreement as a “Party” and collectively as the “Parties.”

In consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

1. The Parties agree that this agreement shall be governed by the rates, terms, and conditions of the Western Resource Adequacy Program Tariff (“Tariff”) and all such rates, terms, and conditions contained therein are expressly incorporated by reference herein. All capitalized terms that are not otherwise defined herein shall have the meanings ascribed by the Tariff.
2. Participant wishes to participate in the Western Resource Adequacy Program (“WRAP”) administered by WPP under the Tariff.
3. Participant certifies that it satisfies all of the following qualifications:
 - 3.1 Participant is a Load Responsible Entity as that term is defined in the Tariff.
 - 3.2 Participant commits to complying with all applicable terms and conditions of WRAP participation as set forth in the Tariff and Business Practice Manuals adopted thereunder, including all Forward Showing Program and Operations Program requirements.
4. Participant will register all resources and supply contracts and shall disclose any other obligations associated with those resources and supply contracts.
5. Participant represents and warrants that it is authorized by all relevant laws and regulations governing its business to enter into this Agreement and assume all rights and obligations thereunder.
6. It is understood that, in accordance with the Tariff, WPP, as authorized by its independent Board of Directors, may amend the terms and conditions of this Agreement or the Tariff by notifying the Participant in writing and making the appropriate filing with FERC, subject to any limitations on WPP’s authority to amend the Tariff as set forth therein.
7. Participant agrees to pay its share of all costs associated with the WRAP, as calculated pursuant to Schedule 1 of the Tariff. The manner and timing of such payment shall be as specified in Schedule 1 of the Tariff.
8. WPP agrees to provide all services as set forth in the Tariff.

9. Term and termination. This Agreement shall commence upon the Effective Date and shall continue in effect until terminated either by WPP by vote of its Board of Directors or by Participant's withdrawal as set forth herein. WPP and Participant agree that participation in the WRAP is voluntary, subject to the terms and conditions of this Agreement and the Tariff. The date upon which a Participant's withdrawal is effective and its participation in the program terminates is referred to as the "Withdrawal Date."
- 9.1 Normal Withdrawal: In general, Participant may withdraw from this Agreement by providing written notice to WPP no less than twenty-four months prior to commencement of the next binding Forward Showing Program period. Once notice has been properly given, Participant remains in a "Withdrawal Period" until the Withdrawal Date.
 - 9.1.1 During Participant's Withdrawal Period, Participant remains subject to all requirements and obligations imposed by the Tariff and this Agreement, including but not limited to all obligations imposed in the Forward Showing Program and Operations Program and obligation to pay Participant's share of all costs associated with the WRAP.
 - 9.1.2 All financial obligations incurred prior to and during the Withdrawal Period are preserved until satisfied.
 - 9.1.3 During the Withdrawal Period, Participant is not eligible to vote on any actions affecting the WRAP that extend beyond the Withdrawal Period.
- 9.2 Expedited Withdrawal: Participant may withdraw from this agreement with less than the required twenty-four month notice as set forth below. Participant shall negotiate with WPP regarding the timing of the Expedited Withdrawal.
 - 9.2.1 Extenuating Circumstances: The following such events and circumstances shall constitute "extenuating circumstances" justifying a withdrawal on less than twenty-four months. Participant invoking an extenuating circumstance shall negotiate with WPP regarding potential ways to minimize the impact of the expedited withdrawal on all other Participants and WPP. Such extenuating circumstances and any mitigation plan to minimize the impact of the expedited withdrawal must be reviewed and approved by the Board of Directors prior to termination of Participant's WRAP obligations. Regardless of the extenuating circumstance, all financial obligations incurred prior to the Withdrawal Date remain in effect until satisfied.
 - 9.2.1.1 A governmental authority takes an action that substantially impairs Participant's ability to continue to

participate in the WRAP to the same extent as previously; provided, however, that Participant shall be obligated to negotiate with WPP regarding potential ways to address the impact of the regulatory action without requiring a full withdrawal of Participant from the WRAP if possible.

9.2.1.2 Continued participation in the WRAP conflicts with applicable governing statutes or other applicable legal authorities or orders.

9.2.1.3 Participant voted against a RAPC determination and disagreed with a Board of Directors decision to release composite or aggregated data under Section 10.2.1 of the Tariff, provided that such right to expedited withdrawal is exercised promptly after the first time that the Board of Directors determines that the form and format of composite or aggregated data sufficiently protects against the release of confidential or commercially sensitive Participant data. Failure to exercise this right promptly upon the first occurrence of the Board of Directors voting on a specific form and format of composite or aggregated data shall constitute a waiver of the right to expedited withdrawal for any future disclosures of composite or aggregated data in the same or substantially similar form and format.

9.2.1.4 FERC or a court of competent jurisdiction requires the public disclosure of a Participant's confidential or commercially sensitive information, as further described in Section 10.5 of the Tariff; provided however that such right to expedited withdrawal shall be exercised promptly upon the exhaustion of all legal or administrative remedies aimed at preventing the release.

9.2.2 Exit Fee: If the impact of Participant's withdrawal on WRAP operations can be calculated with a high degree of confidence and mitigated by the payment of an "exit fee" to be calculated by WPP, an expedited withdrawal will be permitted. Such exit fee shall include (but not be limited to): (i) any unpaid WRAP fees or charges; (ii) Participant's share of all WRAP administrative costs incurred up to the next Forward Showing Program period; (iii) any costs, expenses, or liabilities incurred by WPP and/or the Program Operator directly resulting from Participant's withdrawal; and (iv) any costs necessary to hold other participants harmless from the voluntary expedited withdrawal. The exit fee may be waived to the extent that it would violate any federal, state, or local statute, regulation, or ordinance or exceed the statutory authority of a federal

agency. The exit fee shall be paid in full prior to the Withdrawal Date.

9.2.3 Amendments to Section 3.4 of the Tariff: In the event that amendments to Section 3.4 of the Tariff are approved by the RAPC and Board of Directors, a Participant that voted against such a change may withdraw with less than the required twenty-four month notice, provided that the Participant satisfy all obligations in the Forward Showing Program and Operations Program and satisfy all other financial obligations incurred prior to the date that the amendments to Section 3.4 of the Tariff are made effective by FERC.

9.2.4 Expulsion: The Board of Directors, in its sole discretion, may terminate Participant's participation in the WRAP and may terminate this Agreement with Participant for cause, including but not limited to material violation of any WPP rules or governing documents or nonpayment of obligations. Prior to exercising such right to terminate, the Board of Directors shall provide notice to Participant of the reasons for such contemplated termination and a reasonable opportunity to cure any deficiencies. Such Board of Directors termination shall be after an affirmative vote consistent with the Board of Directors standard voting procedures. Such termination shall not relieve the Participant of any financial obligations incurred prior to the termination date, and WPP may take all legal actions available to recover any financial obligations from Participant.

10. No Waiver of Non-FERC-Jurisdictional Status. If Participant is not subject to the jurisdiction of FERC as a public utility under the Federal Power Act, Participant shall not be required to take any action or participate in any filing or appeal that would confer FERC jurisdiction over Participant that does not otherwise exist. Participant acknowledges that FERC has jurisdiction over the WRAP, including Participant's activities in the WRAP.

Northwest Power Pool, d/b/a Western
Power Pool

Company

By: _____

By: _____

Name

Name

Title

Title

Date

Date

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
Northwest Power Pool
Docket No. ER22-2762-000

Issued: November 21, 2022

Paul M. Flynn
Wright & Talisman, P.C.
1200 G Street N.W., Suite 600
Washington, DC 20005-3898

Reference: Deficiency Letter

On August 31, 2022, Northwest Power Pool¹ submitted, pursuant to section 205 of the Federal Power Act² and section 35.12 of the Commission's regulations,³ a proposed tariff (Tariff) to establish the Western Resource Adequacy Program (WRAP) in the Western Interconnection. WPP explains that the WRAP is a voluntary resource adequacy planning and compliance framework designed to take advantage of and maximize regional diversity in resources and load to enhance reliability for customers across the WRAP footprint.⁴ The WRAP consists of: (1) a forward showing program, under which participants must demonstrate in advance that they have sufficient capacity resources to serve their peak load and their share of the WPP-established planning reserve margin; and (2) a real-time operations program, through which participants are requested to hold back excess capacity during critical periods for potential use by other participants who do not have sufficient resources to serve their load. WPP states that, in the binding phase of the WRAP, participants are obligated to comply with the forward showing and operations

¹ Hereafter, this letter generally refers to Northwest Power Pool (the entity that submitted the filing) as Western Power Pool (WPP), as the proposed tariff and transmittal in this proceeding generally refer to the entity as Western Power Pool or WPP.

² 16 U.S.C. § 824d.

³ 18 C.F.R. § 35.12 (2021).

⁴ WPP Filing, Transmittal at 1.

program requirements or be subject to deficiency charges.⁵

Please be advised that the filing is deficient, and that additional information is necessary to process the filing. Please provide the information requested below:

1. Under the operations program, participants will make and settle energy deployments (and the associated holdback requirement) bilaterally where the Tariff prescribes the price for these participant-to-participant transactions. WPP states that “entities will need to obtain, or have in place, market-based rate authority to engage in such transactions to the same extent they would require market-based rate authority if they conducted the same bilateral wholesale transaction for a non-WRAP purpose.”⁶ Regarding the operations program, WPP states that transactions will occur under “the existing framework of Commission jurisdiction and market-based rate authority.”⁷
 - a. Please explain how the WRAP operations program will interact with existing market-based rate authority, including where a market participant has market-based rate mitigation or does not have market-based rate authority.
 - b. WPP explains that two of the mechanisms used to determine operations program compensation are the Total Settlement Price and the Make-Whole Adjustment, both of which are partly based on price indices.⁸ Given that the formula for both partly derive from applicable sub-regional price indices, please explain how the program design will accommodate WRAP participants without market-based rate authorization in a specific market, or with market-based rate mitigation.
 - c. Please identify any applicable Tariff provision(s) that addresses how participants with market-based rate mitigation or those without market-based rate authority will be treated in the WRAP operations program. To the extent these procedures are not described in the Tariff yet, please describe where WRAP might address the circumstances described above.

⁵ *Id.* at 5.

⁶ *Id.* at 41.

⁷ WPP Filing, attach. F (Roy Aff.) at P 23.

⁸ WPP Filing, Transmittal at 39-40, attach. F (Roy Aff.) at P 14; Proposed Tariff §§ 21.2.5 and 21.2.6.

2. Under the proposed forward showing program, participants must demonstrate that they have secured firm transmission service rights sufficient to deliver at least 75% of the MW quantity of the participant's forward showing capacity requirement.⁹ Participants may include in their forward showing submittal a request for an exception to this requirement, which WPP will grant or deny.¹⁰ WPP states that, for two of the exceptions (i.e., the Enduring Constraint and Future Firm ATC Expected exceptions), participants will be limited to having the exceptions for one year under certain circumstances.¹¹
 - a. Please clarify what the time limitation is for each exception and identify whether the limitations are specified in the Tariff. If the limitations are not specified in the Tariff, please explain where they would be specified, and why it would be appropriate to specify the limitations outside of the Tariff.
3. WPP explains that it intends to deny participants repeated exceptions to the transmission service requirement. WPP also states that "it is within the ambit of its discretion to consider 'other relevant data and information, in determining whether to grant or deny a transmission exception request,' which the Tariff contemplates will be 'more fully set forth in the Business Practice Manuals.'"¹²
 - a. Please explain what "other relevant data and information" WPP will rely on when granting or denying exceptions to transmission service requirements.
4. The Tariff provides that WPP will engage an independent evaluator to provide an independent assessment of WRAP's performance by conducting an annual review of prior year program performance, accounting and settlement, and program

⁹ Proposed Tariff § 16.3.1.

¹⁰ Proposed Tariff §§ 16.3.2, 16.3.2.4.

¹¹ WPP Filing, attach. D (Hendrix Aff.) at PP 47-48 (citing Proposed Tariff §§ 16.3.2.1, 16.3.2.2).

¹² WPP Answer at 19.

design. The independent evaluator will prepare an annual report and present its findings to WRAP committees and the Board of Directors.¹³

- a. Please clarify whether the independent evaluator's reports will be made public or available to stakeholders.

This letter is issued pursuant to delegated authority, 18 C.F.R. § 375.307(a)(1)(v) and is interlocutory. This letter is not subject to rehearing pursuant to 18 C.F.R. § 385.713. Northwest Power Pool must respond to this letter within 30 days of the date of this letter by making an amendment filing in accordance with the Commission's electronic tariff requirements.¹⁴

The filing requested in this letter will constitute an amendment to the filing, and a new filing date will be established, pursuant to *Duke Power Company*, 57 FERC ¶ 61,215 (1991), upon receipt of Northwest Power Pool's electronic tariff filing. A notice of amendment will be issued upon receipt of the response.

Failure to respond to this deficiency letter within the time period specified, and in the manner directed above, may result in an order rejecting the filing. Until receipt of the amendment filing, a new filing date will not be assigned to this case.

Issued by: Carlos D. Clay, Acting Director, Division of Electric Power Regulation – West

¹³ Proposed Tariff §§ 5.1-5.3.

¹⁴ *Electronic Tariff Filings*, 130 FERC ¶ 61,047, at PP 3-8 (2010) (an amendment filing must include at least one tariff record even though a tariff revision might not otherwise be needed). The response must be filed using Type of Filing Code 180 – Deficiency Filing.