

Committee of State Representatives

Thursday, August 28, 2025

Agenda

1. Welcome
2. Overview of WRAP Task Forces
3. Administrative Update
4. Upcoming Meetings and Important Dates
5. Adjourn

Overview of WRAP Task Forces

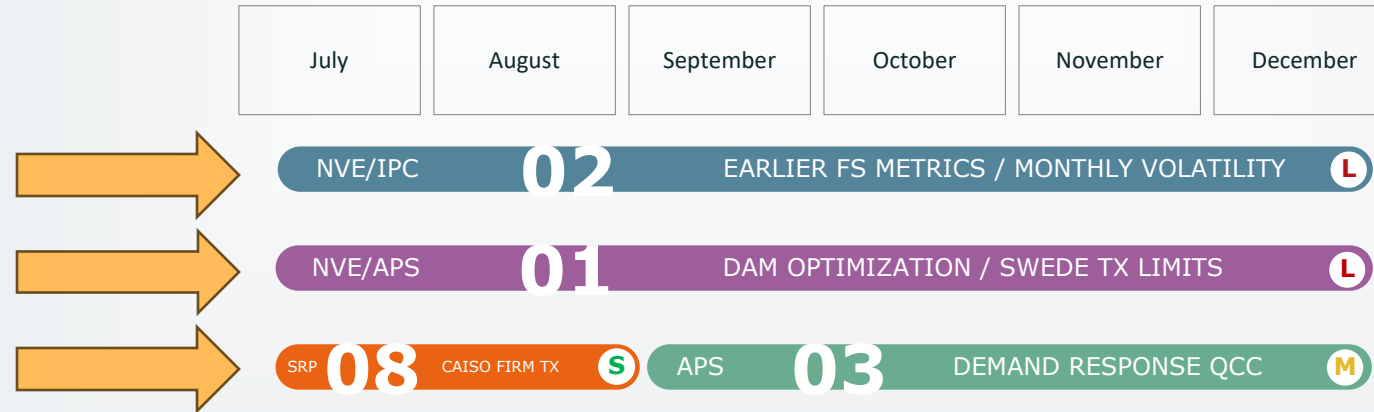
WESTERN RESOURCE ADEQUACY PROGRAM

August 28th, 2025

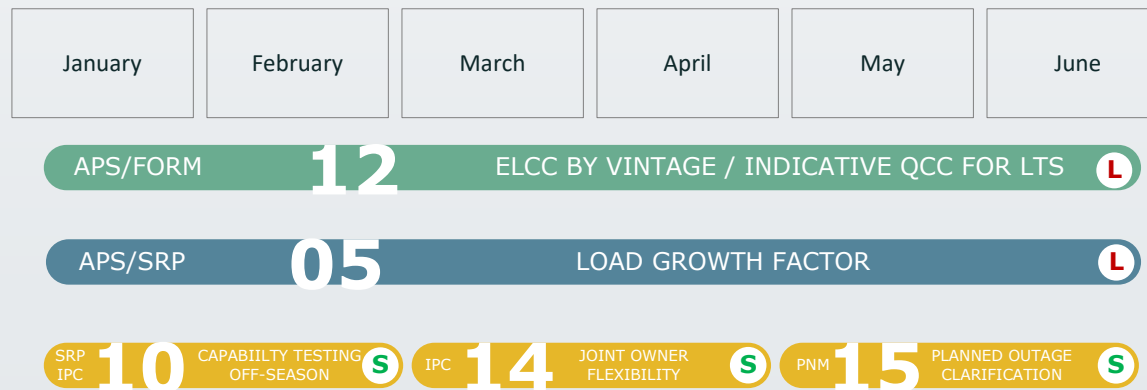
COSR
PRC 2025 Workplan Task Force Update

2025 PRC WORKPLAN

2025



2026



DAM TASK FORCE

PROPOSAL SCOPING

- Original consolidated Concepts:
 - 2024-CRF-001 / **NVE** / SWEDE Transmission Limits
 - 2024-CRF-004 / **APS** / Day Ahead Market Optimization
- Long-Task Force targeting completion by end of year
- Are there any milestones (such as October 31st) for an indicative Proposal?

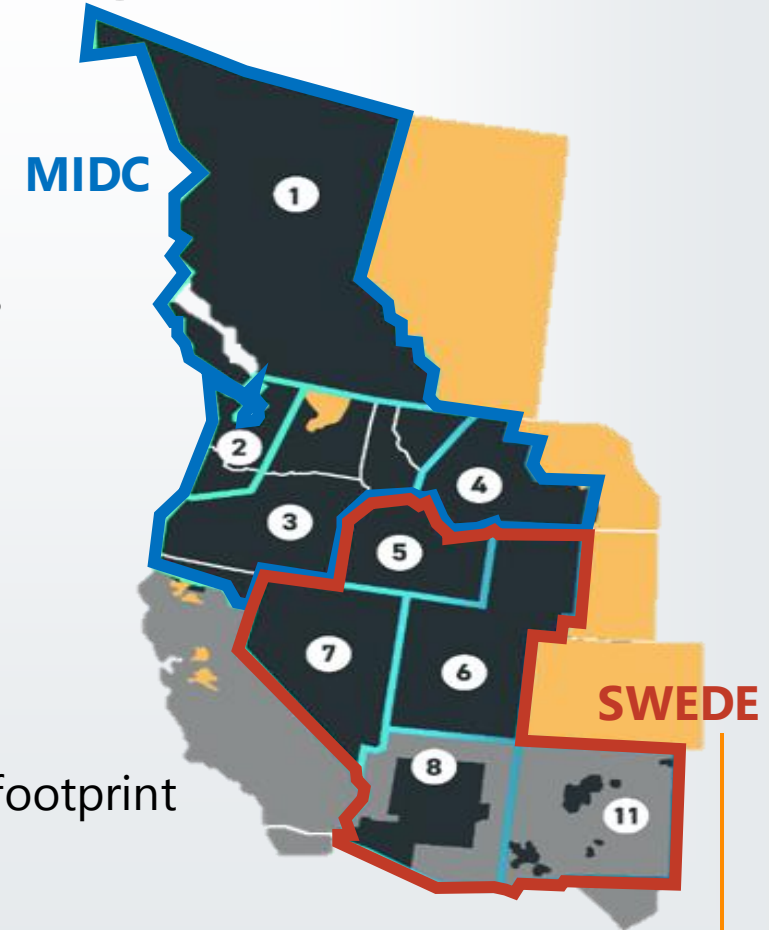
WPP PROPOSAL SCOPING INPUTS

- Four Key Elements of the Operations Program
 - Holdback Requirement (Sharing Calculation)
 - Energy Deployment
 - Settlement Pricing
 - Energy Delivery Failures

FOUNDATIONAL PROPOSAL

- MARKET-BASED OPERATIONAL SUBREGION

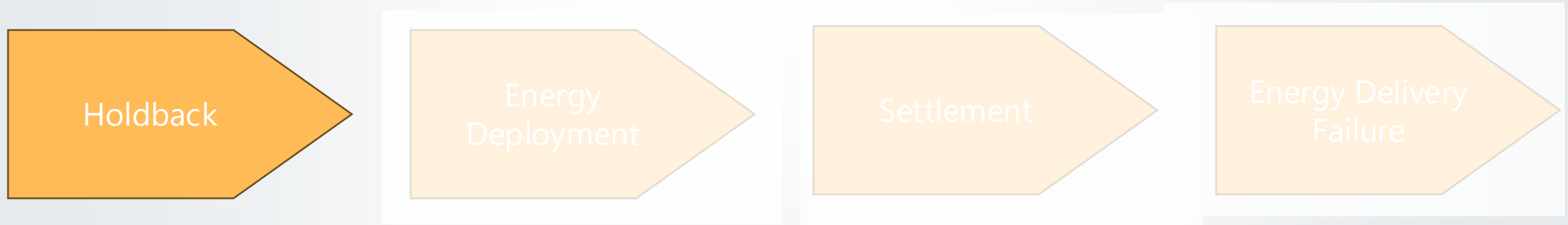
- **Current bilateral paradigm:** two Subregions (NW and SW)
 - NW (Mid-C): Pro-rata sharing allocation
 - SWEDE: Optimization-based allocation based on transfer capabilities
 - *No sharing obligated between subregions (raise hand only)*
- **New paradigm:** align the two Subregions with market footprints
 - Add any non-market participants to one of these two subregions
 - **Enable between-subregion sharing**
 - Sharing Calc **Run 1** - Intra-subregion: within subregion/market footprint
 - Pro-rata sharing allocation of holdback for both subregions
 - Enable market to optimize matching
 - Sharing Calc **Run 2** – Inter-subregion (**new**): share between the markets/subregions



PROPOSAL DEVELOPMENT CYCLE

- **Short-term goal:** a concept-paper ahead of September 10th in-person RAPC with indicative proposals on Operations Program components vis-à-vis MBOS paradigm
 - Holdback Capacity (July 31st, 2025)
 - Energy Deployment (August 7th, 2025)
 - Settlement (August 7th, 2025)
 - Energy Delivery Failure (August 21st, 2025)
- Maintain issues list including topics out of scope of short-term development cycle
- **Long-term goal** remains full proposal enabling Operations Program/DAM efficiencies

DRAFT HOLDBACK PROPOSALS 7/31/25



- Run 1 of the Sharing Calculation will be within each MBOS, with allocation assigned pro-rata within both MBOSs
- A potential Run 2 of the Sharing Calculation will be between MBOSs, assigning additional holdback to address any outstanding energy shortages after Run 1, and allocated pro-rata
- The Task Force will explore whether allowing deficit Participants to specify the Energy Deployment on the Operating Day results in significant capacity deoptimizations and should therefore be moved back to the earliest day-ahead market submission deadline

DRAFT ENERGY DEPLOYMENT PROPOSALS 8/7/25

Holdback

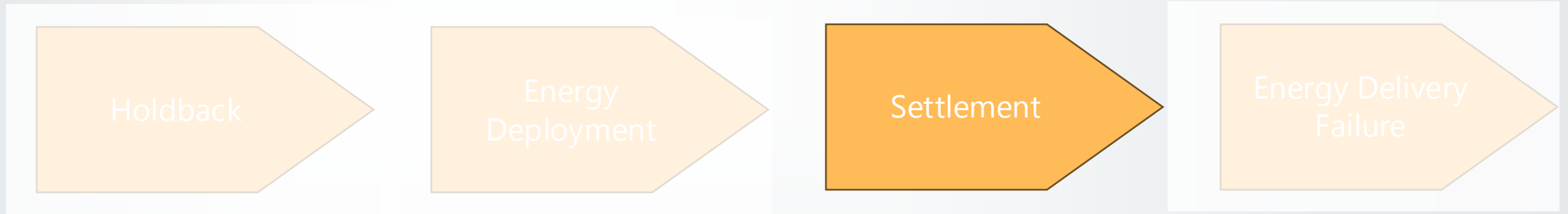
Energy
Deployment

Settlement

Energy Delivery
Failure

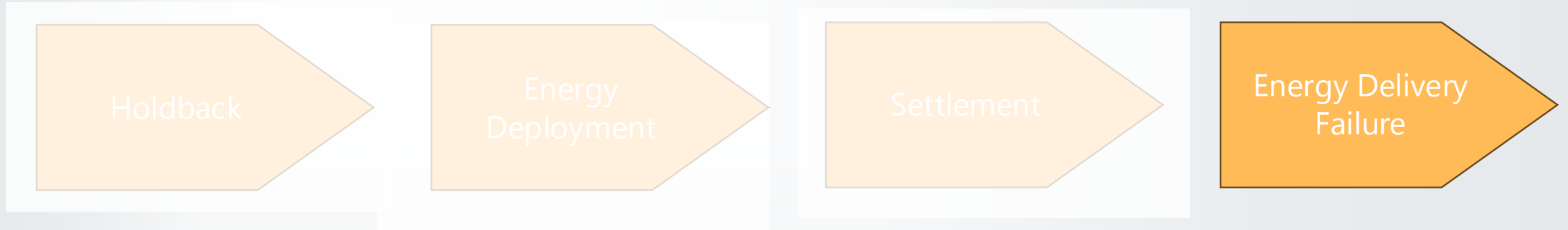
- Energy Deployments between market Participants – both within an MBOS (Run 1) or between an MBOS - will be left to the respective markets to optimize
- WPP will require verification that capacity was offered into the markets to meet WRAP obligations
- Non-market Participants (potentially assigned to an MBOS) will retain the option to transact with each other bilaterally

DRAFT SETTLEMENT PROPOSALS 8/7/25



- Settlement of Energy Deployment has three components: capacity, energy, and the Make-Whole Adjustment
- WRAP adders to the settlement price will be removed
- The capacity component will be maintained for Energy Deployments within an MBOS, but the energy component will be removed and left to the appropriate market to resolve
- Bilateral transactions between non-market Participants will still require a WRAP energy component
- The Task Force will explore whether the Make-Whole Adjustment is still necessary

DRAFT ENERGY DELIVERY FAILURE PROPOSALS 8/21/25



- WRAP obligated surplus Participants will retain responsibility for Energy Delivery Failure within an MBOS and between an MBOS
- The policy on Waivers for an Energy Deployment Obligation will be reviewed to align with the MBOS paradigm.

TABLED ISSUES

- Impact of changing Subregions on Forward Showing
- Seams agreements between CAISO's EDAM and SPP's Markets+
- Changing the Critical Mass Thresholds for MBOSs
- Potentially reworking Operations Program terminology to better align with markets

PRM TASK FORCE

TASK FORCE LOGISTICS

» Scope

- Charge is to reevaluate the FS Planning Reserve Margin (FSPRM) and FS Capacity Requirement – including timing and modeling methodology
- Out-of-Scope
 - › Load Forecasting, ELCC, FS Transmission Requirement, and more

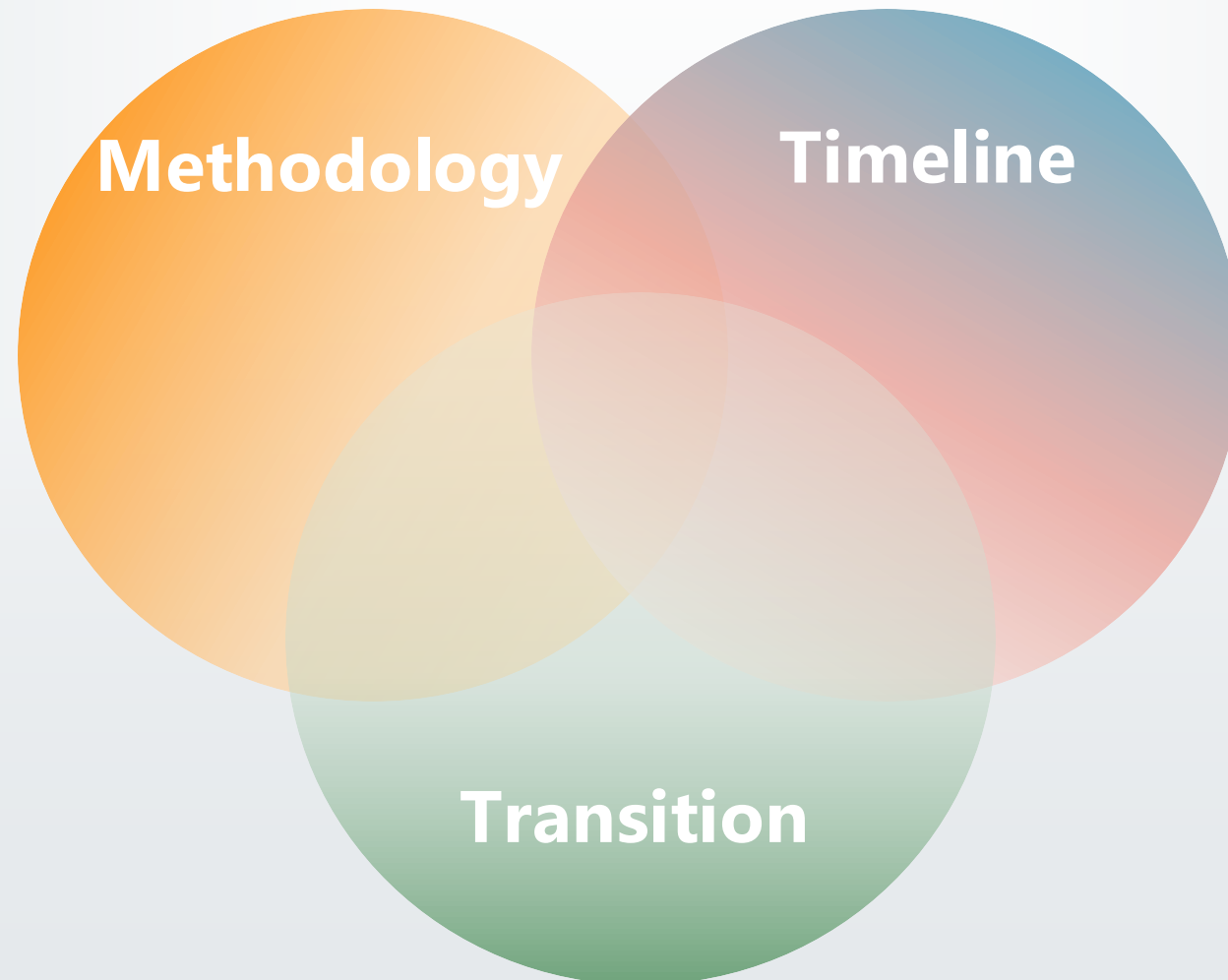
» Participation

- APS, IPC, NVE, BPA, Powerex, Tacoma, TEA, PSE, PGE
- Co-chairs
 - › Ed Mount, TEA and Leah Marquez-Glynn, Tacoma

PRINCIPLES

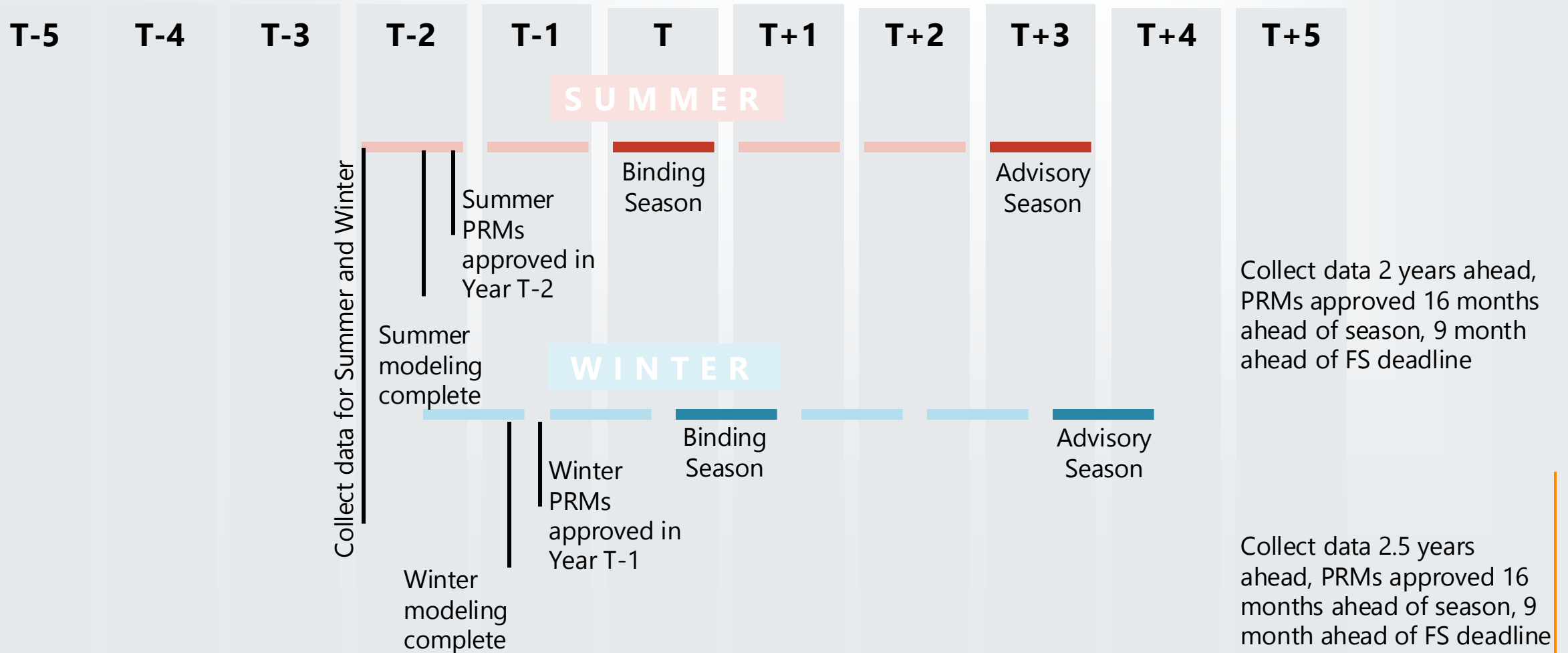
- » **Analytically Driven** - Decisions should be grounded in analysis, with outputs based on clearly defined and repeatable methodologies.
- » **Practical and Pragmatic** - Recommendations must reflect real-world constraints and operational feasibility, aiming for solutions that can be implemented effectively.
- » **Risk-Informed** - Policies should consider and weigh tradeoffs, acknowledging uncertainty and varying levels of risk tolerance across stakeholders.
- » **Transparent and Defensible** - Approaches should be explainable, justifiable, and easy to communicate—aligning with standard business and industry practices.

3 MAIN AREAS



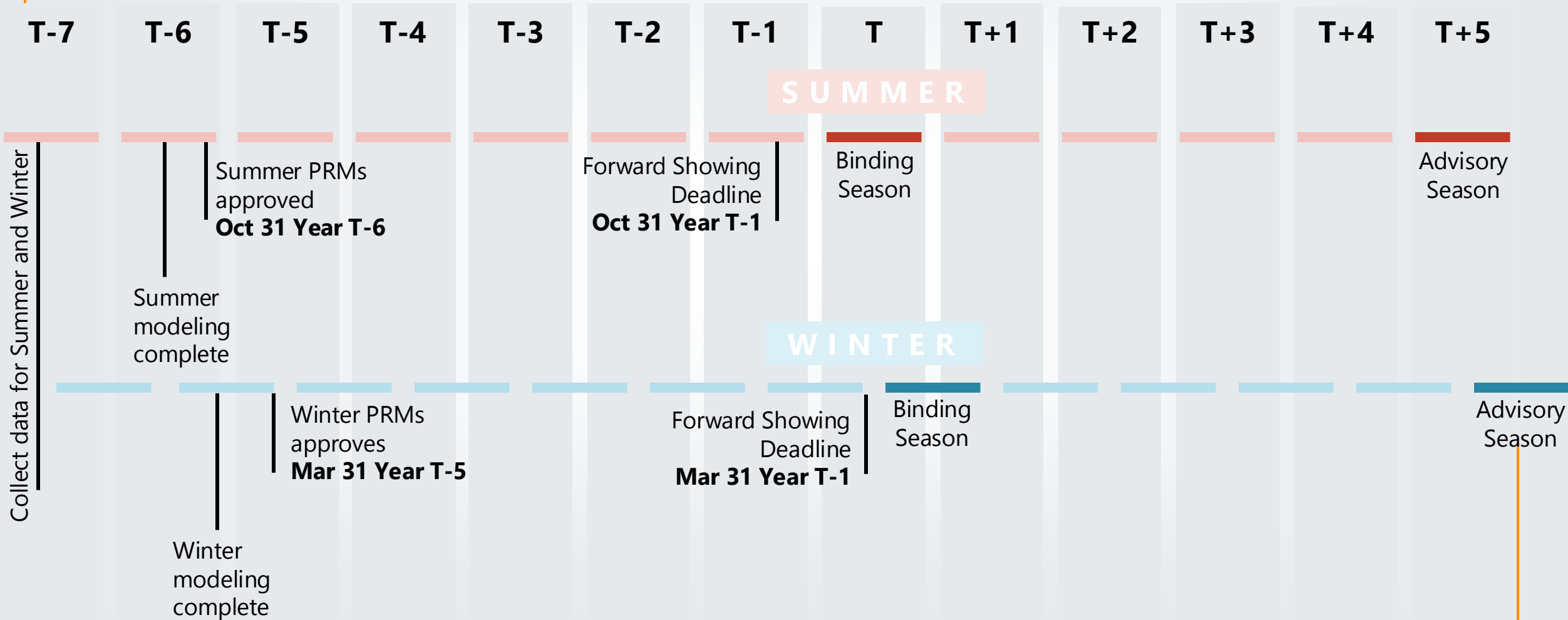
TIMING

CURRENT STATE: *EVERY YEAR, WE DO NEW MODELING WHERE WE LOOK 2 YEARS OUT FOR BINDING AND 5 YEARS OUT FOR ADVISORY*

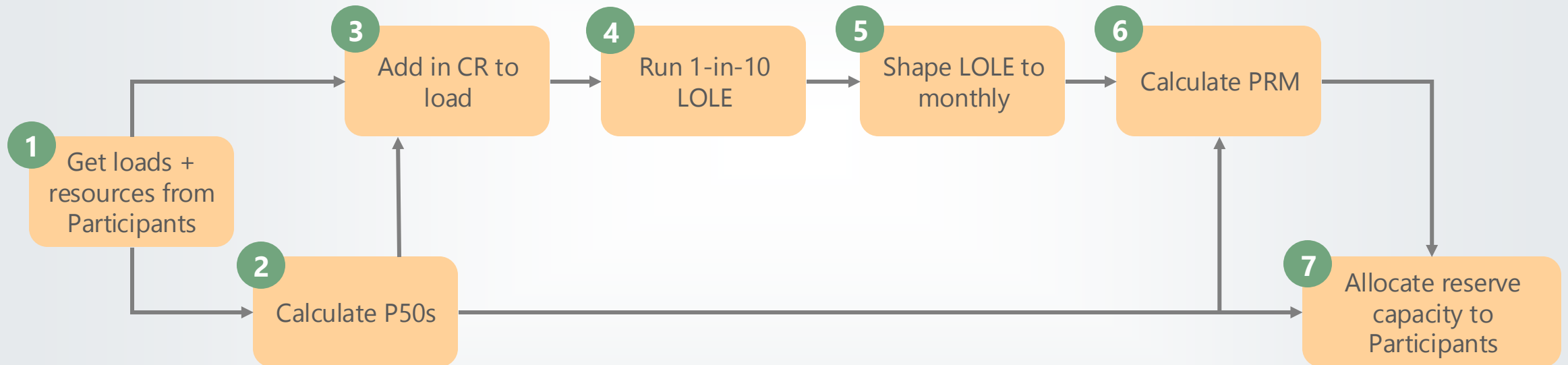


TIMING

PROPOSED: *EVERY YEAR, WE DO NEW MODELING WHERE WE LOOK 5 YEARS OUT FOR BINDING AND 10 YEARS OUT FOR ADVISORY*



(SIMPLIFIED) PROCESS TO SET PRM



METHODOLOGY DISCUSSION

LOLE Methodology options being discussed

- » Seasonal LOLE
- » Optimized LOLE – Current State
- » Stabilized LOLE
- » Peak Months LOLE + Shoulder Months

Other levers for being discussed

- » Season duration
- » Treatment of Contingency Reserves
- » Weather Years

METHODOLOGY DISCUSSION

» Seasonal LOLE

- Each Participant would apply a single FSPRM to their Peak P50 for the Season – this would result in a flat capacity requirement for the whole season.
- Pros: No variability month-to-month, limited variability year to year compared to monthly PRMs, in line with current industry standards.
- Cons: higher shoulder month capacity requirements compared to other methodologies (though not guaranteed).

Some support, but also some concerns from Participants

METHODOLOGY DISCUSSION

» **Optimized LOLE** – *Current State*

- Run the natural LOLE, then optimize it to require the lowest total capacity for the whole season. Requires each month have a minimum of 0.01 LOLE.
- Currently, the Winter uses a mega-peak (December, January, February) for the Non-Coincident Peak (NCP) that is used to determine the Final Capacity Requirement (meaning the Final Capacity Requirement for those months is not exactly the same, but is flatter than treating each month individually). *This mega-peak methodology could also be applied to Summer (June, July, August).*
- Both FSPRM and Capacity Requirement will be different for every month of a season.
- Pros: lowest total capacity requirement.
- Cons: more monthly variability and year-to-year variability than Seasonal FSPRMs, month-to-month variability could lead to higher or lower shoulder month capacity requirements compared to other methodologies.

METHODOLOGY DISCUSSION

» Stabilized LOLE

- Run the natural LOLE, then stabilize the LOLE to minimize month-to-month variability. Monthly stabilization may result in risk targeted in one or two months leaving zero risk in other months.
- Both FSPRM and Capacity Requirement will be different for every month of a season.
- Pros: less monthly variability than Optimized LOLE, increased modeling flexibility.
- Cons: more monthly variability and year-to-year variability than Seasonal LOLE, more subjective allocation of risk that would deviate from a pure assessment of the seasonal risk.

Task Force determined this methodology adds too much subjectivity and dilutes the analytical rigor of the study. Additionally, with more frequent extreme weather events, it is unlikely this methodology will be able to consistently stabilize shoulder months

METHODOLOGY DISCUSSION

» Peak Months LOLE + Shoulders

- Run the LOLE simulation for the peak months of each season (Winter: December, January, February – Summer: June, July, August) to get a seasonal FSPRM and Capacity Requirement for the peak months.
- For the shoulder months: apply the peak month FSPRM + (a percentage adder) to the monthly P50 (e.g. [Winter FSPRM + %adder] * November P50 Load).
- Pros: less monthly variability and less year-to-year variability compared to Stabilized or Optimized LOLE, shoulder months receive a generally lower capacity requirement (assuming Participant P50s are lower in shoulder months).
- Cons: Less analytical for shoulder months, more incremental risk across the year (due to condensing the months where the 1-in-10 is assessed).

CAISO FIRM Tx TASK FORCE

TASK FORCE LOGISTICS

» Scope

- Charge is to update Tariff and BPM language to allow for firm transmission product such as CAISO's "high-priority wheeling through" product to meeting WRAP qualifying transmission requirements

» Participation

- SRP, IPC, NVE, BPA, Tacoma, PSE
- Chair
 - › Jerret Fischer, SRP

PROBLEM STATEMENT

- » WRAP Tariff includes a Forward Showing (FS) Transmission Requirement that must be met with:
 - “NERC Priority 6 or 7 firm point-to-point transmission service rights or network integration transmission service rights.”
- » CAISO refers to its firm transmission product as “high-priority wheeling through” but does not designate it a NERC Priority rating.
- » Further, the current WRAP Tariff does not explicitly recognize this terminology or specify its equivalency to NERC priority 6 or 7.

PROPOSED APPROACH

- » Task Force proposes adding a single definition for “**WRAP Qualifying Transmission**” and referencing it throughout the BPMs and Tariff
- » In that definition, along with currently allowed firm transmission, include:
 - “any firm transmission product that constitutes the highest priority transmission service offered by a transmission service provider, is reserved in advance, cannot be curtailed for higher priority transmission service, and is subject to curtailment only under reliability conditions necessary to maintain transmission system operation”
DRAFT LANGUAGE

Task Force reviewed CAISO tariff and the Transmission Service and Market Scheduling Priorities (TSMSP) Final Proposal to ensure alignment of language

Administrative Update

Upcoming Dates

Upcoming Meetings and Important Dates

- **August 28:** RAPC Meeting
- **August 28:** Stanford Shultz Fellowship Final Presentation
- **September 2:** PRM Task Force
- **September 2:** Day-Ahead Market Task Force
- **September 9:** PRM Task Force
- **September 10:** RAPC Meeting (Seattle, WA)
- **September 16:** PRM Task Force
- **September 17:** PRC Meeting
- **September 25:** COSR Meeting
- **September 25:** WPP Board of Directors Meeting
- **October 1:** COSR Meeting (Portland, OR)
- **October 1-3:** Fall 2025 CREPC-WIRAB (Portland, OR)

Adjourn