

Discussion & Feedback

Supplemental Information for the July 18th
Stakeholder Engagement Meeting

Components of Buy-Through Charge

Administrative Charge	\$0.51
Reserve Capacity Charge	\$2.87
<u>Early Technology Adoption Charge</u>	<u>\$0.76</u>
Buy-Through Charge	\$4.15 / kW - month

Basis of Administrative Charge

Startup Costs (IT, Consulting, SRP Staff)	\$748K
Annual Startup Costs (Five Year Annualization)	$\$748\text{K} / 5 = \149.6K
Ongoing Annual Labor and Labor Overheads	\$964.3K
Annual Buy-Through Administrative Costs	$\$149.6\text{K} + \$964.3\text{K} = \$1.1\text{M}$
Annual Buy-Through kW	2,169,060
Administrative Charge	$\$1.1\text{M} / 2,169,060 \text{ kW} = \underline{\underline{\$0.51 / \text{kW-Month}}}$

Basis of Reserve Capacity Charge

Reserves Ratio

Planning Reserve Margin	16% of demand
Total Planned Generation Capacity	116% of demand
Reserves Ratio	$16/116 = 13.79\%$

Class Share of Capacity Costs

Class Share of Generation Capacity Costs	\$132.1M
<u>Class Share of FPPAM Capacity Costs</u>	<u>\$38.0M</u>
Class Share of Capacity Costs	\$170.1M

Class Share of Reserve Capacity Costs $\$170.1\text{M} \times 13.79\% = \23.5M

Class Annual kW 8,174,702

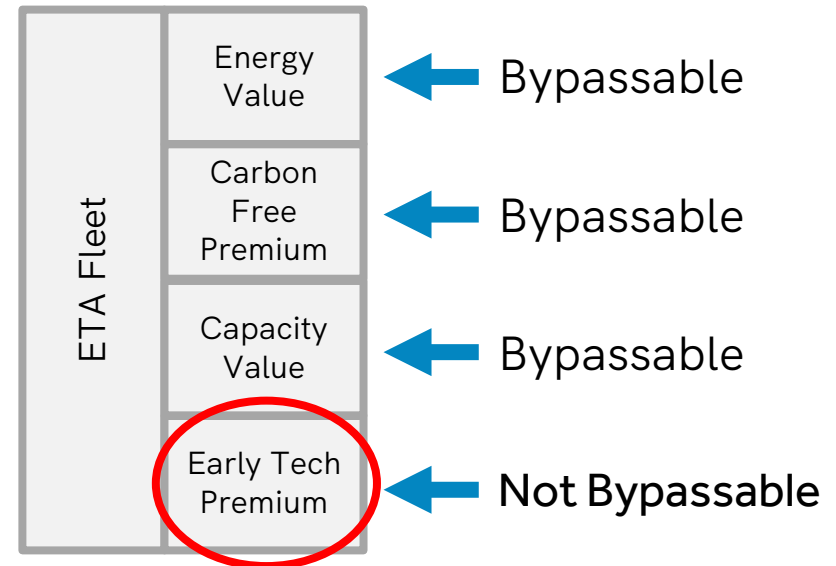
Reserve Capacity Charge $\$23.5\text{M} / 8,174,702 \text{ kW} = \underline{\underline{\$2.87 / \text{kW-month}}}$

Basis of Early Technology Adoption Charge

FY25 Cost of ETA Generation Capacity	\$104.3M
Capacity Value Credit	(\$7.7M)
Energy Value Credit	(\$39.0M)
<u>Carbon Free Premium Credit</u>	<u>(\$3.9M)</u>
FY25 Projected Above-Market ETA Costs	\$53.8M
Class Share of FY25 Projected Above-Market ETA Costs	\$6.2M
Class Annual kW	8,174,702
Early Technology Adoption Charge	$\$6.2\text{M} / 8,174,702 \text{ kW} = \mathbf{\$0.76 / kW-Month}$

Early Technology Adoption Charge

- 5 of our earliest renewable plants
- All in service prior to 2013
- All at a cost exceeding \$100/MWh
- Only captures the early adoption premium



Example FPPAM Settlement Adjustment (FSA)

Only applicable when FPPAM balance is +/- \$20M

Example (for illustrative purposes only):

12 MW Buy-Through customer with 82% Load Factor

FPPAM under-recovered balance equals \$400M

FPPAM recovery balance = \$400M - \$20M = \$380M

SRP retail energy served during period = 85,000,000 MWh

Customer energy used during accumulation period = 223,684 MWh

FSA = [FPPAM recovery balance] x [Customer energy usage during accumulation period / SRP retail energy served during same period]

FSA = [\$380M x 223,684 MWh / 85,000,000 MWh] = \$1,000,000 FPPAM Settlement

Option to pay over 36 months

Reconciled if customer returns to standard service

Example FSA Reconciliation – FPPAM Balance Decreased but not Fully Paid

- Customer FSA was calculated at \$1M when they joined Buy-Through
- After 3 years on Buy-Through, after the Customer has paid FSA in full, the customer leaves Buy-Through and returns to retail service
- Retail customers paid off **\$200M** of FPPAM under-collection while the customer was on Buy-Through (balance was \$400M when customer began on Buy-Through, and \$200M when customer returned)
- Rerunning the calculation on **slide 7** using \$200M instead of \$380M yields the customer should have paid \$526k instead of \$1M in order to repay FPPAM at rate commensurate with retail customers
- SRP pays customer \$474k reconciliation upon exiting Buy-Through

Example of energy imbalance calculation (for illustrative purposes only)

Formulas = Blue
Inputs = Green

		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]
Customer Participation Factor	Date Time (Hour Ending)	Forecasted Load (MW)	Market Price (CAISO WEIM LAP)	Forecasted Participating Load (MW) = [A] x Customer Participation Factor %	Participating Forecasted Load (MW) Before Losses = [C] x 1.0432	Schedule Submitted to SRP = Round [D] to Nearest Whole MW	Tagged value (MWh provided by GSP for hour) = [E]	Tag Reduced by Losses for Imbalance Calculation = [F] / 1.0432	Customer Participating Metered Energy	Allowable Deviation Greater of: 2 MW or [G] x 15%	Imbalance MWh = [G] - [H]	Imbalance Pass Through Charge or (Credit) = [B] x [-J]	Overschedule Adjustment If [J] > [I] Then = -[K] x 25%	Underschedule Adjustment If [J] < [I] Then = [K] x 25%	Hourly Imbalance with Adjustment = Sum([K] - [M])
100.00%	3/1/2022 1:00	41.94	\$ 48.53	41.94	43.76	44.00	44.00	42.18	46.14	6.33	-3.96	\$ 192.23	\$ -	\$ -	\$ 192.23
	3/1/2022 2:00	41.45	\$ 47.99	41.45	43.24	43.00	43.00	41.22	45.60	6.18	-4.38	\$ 210.03	\$ -	\$ -	\$ 210.03
	3/1/2022 3:00	41.94	\$ 44.50	41.94	43.76	44.00	44.00	42.18	46.14	6.33	-3.96	\$ 176.26	\$ -	\$ -	\$ 176.26
	3/1/2022 4:00	42.12	\$ 43.97	42.12	43.93	44.00	44.00	42.18	46.33	6.33	-4.15	\$ 182.44	\$ -	\$ -	\$ 182.44
	3/1/2022 5:00	42.43	\$ 44.35	42.43	44.26	44.00	44.00	42.18	46.67	6.33	-4.49	\$ 199.25	\$ -	\$ -	\$ 199.25
	3/1/2022 6:00	42.14	\$ 46.58	42.14	43.96	44.00	44.00	42.18	46.35	6.33	-4.17	\$ 194.28	\$ -	\$ -	\$ 194.28
	3/1/2022 7:00	34.92	\$ 54.69	34.92	36.43	36.00	36.00	34.51	31.43	5.18	3.08	\$ (168.31)	\$ -	\$ -	\$ (168.31)
	3/1/2022 8:00	41.65	\$ 64.60	41.65	43.45	43.00	43.00	41.22	37.48	6.18	3.74	\$ (241.27)	\$ -	\$ -	\$ (241.27)
	3/1/2022 9:00	43.48	\$ 41.49	43.48	45.36	45.00	45.00	43.14	39.14	6.47	4.00	\$ (165.98)	\$ -	\$ -	\$ (165.98)
	3/1/2022 10:00	41.96	\$ 20.78	41.96	43.78	44.00	44.00	42.18	37.77	6.33	4.41	\$ (91.66)	\$ -	\$ -	\$ (91.66)
	3/1/2022 11:00	42.40	\$ 7.00	42.40	44.23	44.00	44.00	42.18	38.16	6.33	4.02	\$ (28.11)	\$ -	\$ -	\$ (28.11)
	3/1/2022 12:00	40.63	\$ 6.45	40.63	42.38	42.00	42.00	40.26	36.56	6.04	3.70	\$ (23.86)	\$ -	\$ -	\$ (23.86)
															\$ 435.29

Example: Subscription requests exceed program cap during the initial enrollment period

- Five customers subscribe to participate in the over-25 MW peak demand category:

Customer #1 40 MW

Customer #3 35 MW

Customer #2 45 MW

Customer #4 30 MW

- Total participation = 150 MW; Program cap = 100 MW
- Each customer share of Program cap = $100 \text{ MW} / 150 \text{ MW} = 67\%$
- Each customer initial enrollment subscription @ 67% of request:

Customer #1 27 MW

Customer #3 23 MW

Customer #2 30 MW

Customer #4 20 MW

Note: Example is for illustrative purposes only and does not consider participation in other programs or reallocation of unused capacity in equal to/under-25 MW customer category. Individual customer cap of 50 MW is maintained.

Why is SRP not including aggregation in proposal?

Short-term -

- Statutorily mandated timeline does not allow time for billing system automation that would be needed for the added complexity that aggregation would introduce

Long-term -

- Program administrative costs would increase significantly
- Substantial eligible load exists without introducing aggregation
- The diversification of load provided through aggregation could result in disparate treatment among aggregated and non-aggregated customers

What does Reserve Capacity Charge cover? Why is There a Three-Year Notice Requirement?

- Reserve Capacity charge covers costs and only provides capacity associated with the 16% Planning Reserve Margin (PRM).
- The three-year notice requirement provides SRP the time to secure Power Purchase Agreements and/or build new generation resources.
- In light of the approximate three-year lead-time required to bring new generation resources online, the three-year notice period allows Buy-Through customers to return to general service if they wish, while appropriately managing SRP's Resource Adequacy (RA) obligations.
- Providing PRM/RA is not equal to providing long term capacity. The modeling and determination of PRM is done at a system level, and assumes resource outages are temporary, not that a resource fails permanently or is removed entirely from the system.