THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

September 1, 2011

Via e-mail

Mr. Darrick Moe
Western Area Power Administration
Desert Southwest Regional Manager
P.O. Box 6457
Phoenix, AZ 85005

Dear Mr. Moe

Subject: Application of the Energy Planning and Management Program Power Marketing Initiative to the Boulder Canyon Project [76 FR 23583-6 and 76 FR 30147-8]

This letter conveys the comments of the Metropolitan Water District of Southern California (Metropolitan) in response to the notice of proposal and notice of extension published by the Western Area Power Administration (Western) in the Federal Register (76 Fed. Reg. 23583, April 27, 2011, and 76 Fed. Reg. 30147, May 24, 2011, respectively).

Metropolitan submitted comments by letter dated January 29, 2010, in response to the notice of proposal published by Western in the Federal Register (74 Fed. Reg. 60256, November 20, 2009) to apply the Power Marketing Initiative to post-2017 marketing of power generated by the Boulder Canyon Project. Western's April 27 Federal Register notice states that comments previously submitted will be considered in relation to the new proposals. Metropolitan will not repeat its prior comments except as applicable to address the new proposals and to once again request Western delay its administrative power marketing process pending Congressional action on legislation that would allocate the Boulder Canyon Project power by statute.

The new proposals noticed by Western regarding the Boulder Canyon Project power remarketing effort are:

(1) To market 2,044 MW of contingent capacity with an associated 4,527,001 MWh of annual firm energy;

(2) To extend 100 percent of the existing contractors' contingent capacity allocations, totaling 1,951 MW, and 95 percent of the proposed marketable firm energy, totaling 4,300,651 MWh annually based proportionally upon the contractors' existing allocations of marketed annual firm energy;

(3) To create a single, one-time resource pool consisting of 93 MW of contingent capacity with an associated 226,350 MWh of annual firm energy;

(4) That excess energy provisions contain a first priority for the Arizona Power Authority (APA) equal to 200,000 MWh in each year of operation (provided that if that amount of excess energy is not generated in any year, the first priority right of APA shall accumulate to an amount not to exceed 600,000 MWh, inclusive of the current year's 200,000 MWh); and a second priority to each Boulder Canyon Project contractor proportionate to its allocated share of annual firm energy.

Metropolitan has the following comments on these proposals:

Withholding of Capacity

The full rated capacity of the Hoover plant is 2,074 MW. Western proposes to market only 2044 MW with existing contractors receiving 1,951 MW and a 93 MW resource pool to be allocated to new contractors. The new proposal leaves 30 MW that will not be marketed and will be used by Western. It is Metropolitan's position that all of the capacity should be put under contract to the parties that will be paying for the costs of operation and maintenance of the facilities. Metropolitan supports the use of 5% of the full rated capacity of 2074 MW as a resources pool to be allocated to new contractors. Furthermore, the increase in the rated capacity is a benefit created by the existing contractors that funded the up-rating program and those contractors should benefit from that investment by an increase in their capacity allocation.

Allocation of Firm Energy

Western's new proposal is to allocate the full amount of firm energy (4,527,001 MWh) allocated by the 1984 Hoover Power Plant Act. Metropolitan agrees with this change from the November 20, 2010 proposal that would only have marketed 4,116,000 MWh. Metropolitan further supports the retention of 95% of the total firm energy for existing contractors with a 5% resource pool created for new contractors.

Creation of a One-Time Resource Pool

Metropolitan supports the use of a one-time allocation of the new resource pool, rather than allowing for further reductions in existing allocations during the contract term. However, Western should clarify that any portion of the new resource pool that is not put under contract during the marketing process should be re-allocated back to existing contractors in proportion to their share of firm energy.

Excess Energy

The existing contracts establish a process to allocate excess energy. Metropolitan supports the existing process and suggests Western only implement clarifying language that would eliminate vague terms or conditions. For example, Metropolitan supports clarifying language for the third priority that would specify the states would receive an equal amount of excess energy to be allocated to the contractors within the state in the same proportional distribution as their firm energy allocation.

Metropolitan appreciates the opportunity to provide these comments and reserves the right to provide additional comments during this proceeding.

Sincerely,

Jon C. Lambeck

Jon C. Lambeck
Manager of Power Resources