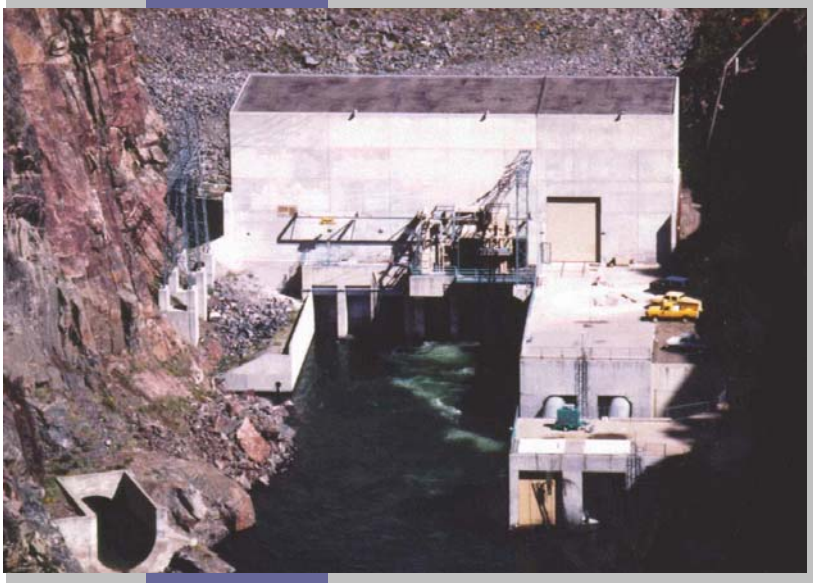
Customer Brochure

Proposed Rate Adjustment for

Regulation and Frequency Response Service



Rate Schedule L-AS3

Loveland Area Projects
Western Area Colorado
Missouri Control Area

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Materials Posted on Website

http://www.wapa.gov/rm/reg_rate_information.htm

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I. INTRODUCTION

The Western Area Power Administration's (Western) Rocky Mountain Customer Service Region (RMR) is proposing a rate adjustment (Proposed Rate) for Regulation and Frequency Response Service (Regulation Service) provided by the Loveland Area Projects (LAP) and Colorado River Storage Project (CRSP) generating units for the Western Area Colorado Missouri Balancing Authority (WACM / Balancing Authority).

This rate adjustment is necessary to ensure that Western recovers its annual expenses incurred for Regulation Service from the appropriate parties; i.e., the entities within the Balancing Authority's boundary meters requiring Regulation Service. The Proposed Rate will be applied under existing contracts and service agreements under Western's Open Access Transmission Service Tariff (Tariff).

RMR will offer entities within the Balancing Authority the alternatives of self-provision of Regulation Service or purchase from a third party.

Recent Activity by Federal Energy Regulatory Commission (FERC)

Coincident with this Proposed Rate, on April 14, 2005, FERC issued a Notice of Proposed Rate for Energy Imbalance Service for Intermittent Generators and requested comments from interested parties. Western's review of the incoming comments to FERC indicate a recognition by transmission providers that the nature of intermittent resources can have significant impacts on both generation and transmission operations, particularly with regard to the provision of Regulation Service for those resources.

Western has addressed the issue of Regulation Service for intermittent resources in Section II of this brochure.

A. Project Descriptions

Federal Projects Providing Regulation Service

LAP is comprised of two power projects that provide Regulation Service for the WACM Balancing Authority: the Pick-Sloan Missouri Basin Program-Western Division (P-SMBP-WD), and the Fryingpan-Arkansas Project (Fry-Ark). The two projects were operationally and financially integrated for marketing purposes in 1989.

The Balancing Authority also receives a portion of its Regulation Service through a dynamic signal from CRSP generating resources located within the Western Area Lower Colorado (WALC) Balancing Authority.

Within the Balancing Authority, LAP provides service to customers in a four-state area, over a transmission system of approximately 3,356 miles (5,401 circuit kilometers), and CRSP provides service to customers over a transmission system of approximately 1,422 miles (2,288 circuit kilometers).

LAP

P-SMBP-WD

The initial stages of the Missouri River Basin Project were authorized by section 9 of the Flood Control Act of December 22, 1944 (58 Stat. 877, Public Law 534, 78th Congress, 2nd session). The Missouri River Basin Project has been under construction since 1944. It was later renamed the Pick-Sloan Missouri Basin Program (P-SMBP) to honor its two principal authors. The P-SMBP encompasses a comprehensive program, with the following authorized functions: flood control, navigation improvement, irrigation, municipal and industrial water development, and hydroelectric production for the entire Missouri River Basin. Multipurpose projects have been developed on the Missouri River and its tributaries in Colorado, Montana, Nebraska, North Dakota, South Dakota, and Wyoming.

The Colorado-Big Thompson (C-BT), Kendrick, Riverton, and Shoshone Projects were administratively combined with P-SMBP in 1954, followed by the North Platte Project in 1959. These projects are known as the “Integrated Projects” of the P-SMBP. The Riverton Project was reauthorized as a unit of the P-SMPB in 1970.

The P-SMBP-WD and the Integrated Projects consist of 19 power plants.

There are six power plants in the P-SMBP-WD: Glendo, Kortes, and Fremont Canyon Power plants on the North Platte River; Boysen and Pilot Butte on the Wind River; and Yellowtail Dam on the Big Horn River.

In the C-BT, there are also six power plants. On the West Slope of the Rocky Mountains is the Green Mountain Power plant located on the Blue River. The five

remaining power plants are on the East Slope of the Continental Divide: Marys Lake, Estes, Pole Hill, Flatiron, and Big Thompson.

The Kendrick Project has two power production facilities: Alcova and Seminoe dams. Power production facilities on the Shoshone Project are Shoshone, Buffalo Bill, Spirit Mountain, and Heart Mountain power plants. The only production facility in the North Platte Project is the Guernsey Power plant.

Fry-Ark

Fry-Ark is a transmountain diversion project in central and southeastern Colorado which was authorized by the Act of August 16, 1962, (Public Law 87-590, 76 Stat. 399, as amended by Title XI of the Act of October 27, 1974, Public Law 93-493, 88 Stat. 1487). Fry-Ark diverts water from the Fryingpan River and other tributaries of the Roaring Fork River to the Arkansas River on the East Slope of the Continental Divide. The Fryingpan and Roaring Fork Rivers are part of the Colorado River Basin, on the West Slope of the Rocky Mountains. The water diverted from the West Slope, together with regulated Arkansas River water, provides supplemental irrigation, municipal and industrial water supplies, and hydroelectric power production. Flood control, fish and wildlife enhancement, and recreation are other important purposes of Fry-Ark.

There are five dams and reservoirs in the Fry-Ark. Ruedi Dam and Reservoir, on the West Slope of the Rocky Mountains, is located upstream from Basalt, Colorado, on the Fryingpan River. The remaining four dams and reservoirs are located on the East Slope of the Rocky Mountains. Three of the dams and reservoirs are located in the upper region of the Arkansas River Basin. These dams and reservoirs include: Sugar Loaf Dam and Turquoise Lake, Mount Elbert Forebay Dam and Reservoir, and Twin Lakes Dam and Reservoir. Pueblo Dam and Reservoir, the fourth and largest of the Fry-Ark storage units, is on the Arkansas River west of Pueblo, Colorado.

Fry-Ark's electrical features consist of the Mount Elbert 206-MW Pumped-Storage Power Plant, the Mount Elbert Switchyard, and the Mount Elbert-Malta 230-kV Transmission Line. In Fiscal Year (FY) 1989, Fry-Ark's Poncha Substation was transferred to CRSP.

CRSP

CRSP was authorized by the Act of April 11, 1956. It consists of four major storage units: Glen Canyon on the Colorado River in Arizona near the Utah border; Flaming Gorge on the Green River in Utah near the Wyoming border; Navajo on the San Juan River in northwestern New Mexico near the Colorado border; and the Wayne N. Aspinall unit (formerly Curecanti) on the Gunnison River in west-central Colorado.

Six Federal power plants and 16 units are associated with the project. The operating capacity of CRSP's 16 generating units was 1,727,350 kWs in FY 2004. CRSP operates its transmission system in two Balancing Authorities, WACM and WALC.

B. Balancing Authority Characteristics

WACM is operated by RMR and has within its borders Federal generating resources from the P-SMBP-WD Program and Fry-Ark Project. There are also large thermal generators within WACM that are not Federal resources and are not under the direct control of RMR; e.g., Laramie River Station operated by Basin Electric Power Cooperative, Inc.; and Craig Power Plant operated by Tri-State Generation and Transmission Association, Inc. A number of smaller generating units also operate and serve designated loads within WACM.

Western's Post-1989 Marketing Plan did not designate or reserve any capacity for Regulation Service. Therefore, the cost of capacity for the Balancing Authority must be allocated to the appropriate entities taking the service.

Federal generation is currently the only resource that WACM can utilize to provide Regulation Service for the Balancing Authority's needs. The other generators located within WACM are either not on Automatic Generation Control (AGC) or are operated on an Area Control Error (ACE) signal that responds only to their own sub-Balancing Authority needs.

Entities operating within WACM's boundaries include: Basin Electric Power Cooperative, Inc., Black Hills Power, Inc., Western's Salt Lake City Area – Integrated Projects, Colorado Springs Utilities, Flathead Electric Cooperative, Inc., Missouri Basin Power Project, Municipal Energy Agency of Nebraska, Nebraska Public Power District, PacifiCorp, Platte River Power Authority, Rocky Mountain Generation Cooperative, Inc., the State of South Dakota, Salt River Project, Tri-State Generation and Transmission Association, Inc., Wyoming Municipal Power Agency, Yampa Power Project, and various municipalities.

In FY 2004, the peak load within WACM was measured at 3,145 MWs, with approximately 5,300 MWs of generation installed, 830 MWs of which is Federal generation.

Balancing Authority Operating Constraints

The only power plants within WACM capable of providing Regulation Service are the units that have the ability to fluctuate their output on a moment-to-moment basis. These are Yellowtail, Seminoe, Kortes, Fremont Canyon, Alcova, Estes, Flatiron, and Mount Elbert (in generation mode). The amount of true Regulation Service (minute-to-minute fluctuation to balance the Balancing Authority) is limited by how many units are available and what the prescheduled loading of the plant is at a given time.

As indicated, WACM has limited system capability due to fluctuating water schedules, lack of thermal resources under its control, and various environmental constraints. This situation exists at the two power plants that the WACM Balancing Authority utilizes for its primary provision of Regulation Service; the Yellowtail and Mount Elbert power plants. Other WACM reservoirs are so tightly connected and operated that there are instances where a reservoir can serve as an afterbay for one plant, while simultaneously serving as the forebay for the next.

WACM's capability to provide "shaping and storage" capability is also limited due to:

1. the relatively small size of the forebays and afterbays;
2. the fact that water deliveries have priority over generation needs; and
3. the fact that Western has marketed all of its resources through its Post-89 Marketing Criteria.

C. Rate Adjustment Background/Rates History

Background

Western published a Notice of Proposed Rate for Regulation Service in the Federal Register on June 13, 2003. One component of that Proposed Rate specifically addressed Regulation Service needs for intermittent resources. However, this component was withdrawn from the Final Notice of Rate Order published in the Federal Register on January 12, 2004, to allow further evaluation and extend the duration of dialogue with interested parties.

On March 18, 2004, Western hosted its first Technical Information Meeting in Denver, Colorado, inviting interested parties and the general public to investigate how Regulation Service for intermittent resources might be measured most accurately. Throughout the spring and summer of 2004, Western staff worked continuously on the issue, analyzing data and cooperating with other utilities, research agencies, and the general public. Western held a second Technical Information Meeting on September 27, 2004, to present and review its findings to date and continue its dialogue with interested parties.

As a result of these technical information meetings and collaboration with involved parties, Western is resubmitting a proposal for an adjustment to this rate. This Customer Brochure outlines the proposal.

Rates History

The Deputy Secretary of Energy approved the original formula rate for Rate Schedule L-AS3 on March 23, 1998, as part of Rate Order No. WAPA-80 (63 FR 16778, April 6, 1998). The Commission confirmed and approved the formula rate schedule as part of Rate Order No. WAPA-80 on July 21, 1998, under FERC Docket No. EF98-5181-000 (84 FERC 61,066).

The current Rate Schedule L-AS3 was approved by the Deputy Secretary of Energy, as part of Rate Order No. WAPA-106 (FR 69, 1723-1738) on January 12, 2004, which placed formula rates for LAP transmission and ancillary services into effect on an interim basis effective March 1, 2004. On January 31, 2005, FERC confirmed and approved the formula rates under FERC Docket No. EF04-5182-000 (110 FERC 62,084). Approval for Rate Schedule L-AS3 covered 5 years, beginning on March 1, 2004, ending on February 28, 2009.

RMR's existing Regulation Service rate is load-based, derived from a revenue requirement, and applied to entities' auxiliary loads within the WACM Balancing Authority. Western is undertaking this rate adjustment so that all users of Regulation Service within WACM are appropriately assessed for their consumption of the service.

The cost for Regulation Service is rising, linked to the corresponding increase in the cost of energy. Initially, Western assumed that all WACM's Regulation Service needs could be met by the Balancing Authority's Federal resources; the LAP and CRSP power projects. This assumption proved to be incorrect, and in FY 2001 it became apparent that some purchases were being made in support of the Balancing Authority's requirement to regulate for loads and resources.

Subsequently, that year Western began including a portion of its purchases into the revenue requirement for the service. In FY 2004, Western entered into a purchase agreement that provides for Regulation Service by enabling LAP resources greater flexibility. The purchase agreement has a price adjustment clause that can be exercised every 6 months. Thus far, the seller has exercised its right to adjust the pricing, subject to market conditions.

D. Acronyms/Definitions

$/kW-month:	Billing basis for power bills, constituting a monthly charge.
12-CP:	12 Coincident Peak. Represents an average of the previous 12 months' load, coincident with the Loveland Area Projects (LAP) peak transmission use.
ACE:	Area Control Error. The instantaneous difference between a Balancing Authority's net actual and scheduled interchange, taking into account the effects of Frequency Bias and correction for meter error.
AGC:	Automatic Generator Control. Equipment that automatically adjusts generation in a Balancing Authority from a central location, to maintain the Balancing Authority's interchange schedule plus Frequency Bias. AGC may also accommodate automatic inadvertent payback and time-error correction.
Ampere:	Standard unit to measure the strength of an electric current.
Auxiliary Load:	Customer's metered load, less Federal allocation.
CPS:	Control Performance Standard. The reliability standard that sets the limits of a Balancing Authority's Area Control Error over a specified time period.
CPS1:	On a rolling 12-month basis, the average of the clock-minute averages of the Balancing Authority's ACE, divided by 10B (B is the clock-minute-average of the Balancing Authority's frequency bias), times the corresponding clock-minute averages of the Interconnection's frequency error.
CPS2:	The average ACE for at least 90 percent of clock-10-minute periods (6 non-overlapping periods per hour) during a calendar month must be within a specific limit, referred to as L_{10}.
CRSP:	Colorado River Storage Project.
FERC:	Federal Energy Regulatory Commission.

FERC Order No. 888:	FERC's Open Access Transmission Tariff.
Frequency Bias:	A value, usually expressed in megawatts per 0.1 Hertz, associated with a Balancing Authority that approximates the Balancing Authority's response to Interconnection frequency error.
Frequency Error:	The difference between the actual and scheduled frequency ($F_A - F_S$).
FRR:	Frequency Responsive Reserves.
Fry-Ark:	Fryingpan-Arkansas Project.
FY:	Fiscal Year.
Intermittent Resource:	For purposes of this Customer Brochure, this is meant to be an electric generator that is not dispatchable and cannot store its fuel source and therefore, cannot respond to changes in system demand or respond to transmission security constraints.
Joule:	A unit of energy. One joule is the energy expended in 1 second by a current of 1 amp flowing through a resistance of 1 ohm.
Kilovolt-ampere:	A unit of electrical power equal to 1,000 volt-amperes.
kW:	Kilowatt. A unit of power equal to 1,000 watts.
kWh:	Kilowatt-hour. A unit of energy equivalent to 1 kilowatt of power expended for 1 hour.
LAP:	Loveland Area Projects.
LSE:	Load-Serving Entity.
Mill:	Monetary unit equal to one-tenth of $0.01, or $0.001.
Mills/kWh:	Mills per kilowatt hour. A unit of charge for energy.
Minor Rate Adjustment:	A rate adjustment that results in an annual revenue increase of less than 1 percent.
MW:	Megawatt. Unit of power equal to 1,000 kilowatts.

MWh:	Megawatt hour. Energy delivered when 1 MW is supplied over 1 hour.
NERC:	North American Electric Reliability Council.
OATT:	Open Access Transmission Tariff.
Ohm:	The unit of measurement of electrical resistance. The resistance of a circuit in which a potential difference of 1 volt produces a current of 1 ampere.
Obligations:	Delivery of energy in the name of the LSE or PSE to physical metered delivery points (load) or to load of another entity by way of scheduled sales from inside or outside WACM.
Preference Customer:	Customers allocated LAP firm electric service under Reclamation Law.
PSE:	Purchasing/Selling Entity.
P-SMBP-WD:	Pick-Sloan Missouri Basin Project – Western Division.
Rate Schedule L-AS3:	RMR Rate Schedule for Regulation and Frequency Response Service.
Real-time:	Purchase or sale made for immediate next hour or hours.
Regulation Charge:	First component of the Proposed Rate that would charge for consumption of minute-to-minute Regulation Service, as defined in Appendix F.
Regulating Reserve:	Sufficient spinning reserve, immediately responsive to AGC to provide sufficient regulating margin, to allow the Balancing Authority to meet NERC's CPS standards.
Regulation Reserve Charge:	Second component of the Proposed Rate that would charge for the consumption of Regulating Reserves, as defined in Appendix G.
Resources:	Receipt of energy, either from customer rights to physical metered generation within WACM or scheduled purchase traceable to another entity's generation from inside or outside WACM.
RMR:	Rocky Mountain Customer Service Region.

Service Agreement:	Agreement covering services requested by customers and provided by LAP/WACM.
Sub-Balancing Authority:	An entity serving load inside the Balancing Authority, with sufficient metering and AGC to accommodate minute-to-minute changes in their SBAEC.
SBAE:	Sub-Balancing Authority Error.
SBAEC:	Sub-Balancing Authority Error Criteria.
WACM:	Western Area Colorado Missouri Balancing Authority.
Watt:	An International System unit of power equal to 1 joule per second.
Watt-hour:	A unit of energy equal to the power of 1 watt operating for 1 hour.
WECC:	Western Electricity Coordinating Council.
Western:	Western Area Power Administration, U.S. Department of Energy.

II. Proposed Rate Adjustment for Regulation and Frequency Response Service

The existing formula rate methodology for load-based Regulation Service is changing slightly under this Proposed Rate adjustment. In addition to the load-based rate, this Proposed Rate will include three more assessments of the rate:

(1) generator-based assessment;
(2) load-based with intermittent resource(s) in the generation portfolio; and
(3) self-provision of the service.

A. Proposed Adjustment for Regulation and Frequency Response Service Rate—Load-Based Assessment

Western implemented a load-based rate for Regulation Service in April 1998. This rate has been applied to Balancing Authority entities' auxiliary loads (metered loads, less Federal allocations) on a rolling 12-CP basis.

The existing load-based formula rate for Regulation Service is based on an analysis that shows WACM presently requires 75 MWs of regulating capacity to meet the Balancing Authority Regulation Service needs. The 75 MW was the result of a measurement of the directional change and magnitude of that change for the generators within WACM necessary to meet WACM's Control Performance Standard 1 (CPS1) requirements.

As LAP has limited hydro electric generation available to provide all its needs for Regulation Service, it must rely on the purchase of Regulation from others. The current composition of the 75 MWs is: LAP provides 25 MWs of the Balancing Authority's Regulation requirement; CRSP provides 20 MWs; and the remaining 30 MWs are provided through the purchase mentioned earlier.

The existing revenue requirement for Regulation Service is comprised of:

(1) the annualized cost of LAP regulating plants in WACM;

(2) the revenue requirement for CRSP regulating plants providing Regulation Service to WACM; and

(3) the cost of purchases to support Regulation Service.

Only those power plants able to provide Regulating Service are included in (1) and (2) above. The amount and cost of purchases associated with Regulation Service is reviewed annually.

Figure 1 reflects a summary of the costs and load included in the current load-based rate for FY 2005. This rate is updated annually each October, using the formula rate methodology approved by FERC.

Figure 1

Component	Cost in Rate Design
30 MW Purchase for Regulation	$4,040,333
Regulation Provided by CRSP	$466,005
Regulation Provided by LAP	$1,245,750
Total	**$5,752,088**
Total Load in Balancing Authority Requiring Regulation Service	**2,430,822 kWs**
FY 2005 Rate	**$0.197/kW-month**

Proposed Changes to the Load-Based Assessment

The only change being proposed for this existing load-based assessment is that Western plans to conduct periodic reviews of entities' consumption of the service, to ensure that entities are consuming Regulation Service within the normal range.

If an entity's Regulation Service use is outside of an established normal range, Western will make a determination that the load is non-conforming and will adjust the entity's Regulation Service charges accordingly

Conforming vs. Non-Conforming Load

Conforming Load

For purposes of this rate adjustment, Western defines Regulation Service consumption within a normal range as "Conforming Load." Conforming Load is typified as an aggregation of many small loads, such that the behavior of the aggregate in its minute-to-minute variation is similar to the Balancing Authority's total variation from minute-to-minute. Conforming Load does not cause a disproportionate use of the regulating resource for the Balancing Authority.

Non-Conforming Load

For purposes of this rate adjustment, Western defines Regulation Service consumption outside the normal range as "Non-Conforming Load." Non-Conforming Load is typified as a single large load or aggregation of a few large loads, such that the behavior of the aggregate in its minute-to-minute variation is dissimilar to the Balancing Authority total variation from minute-to-minute. Non-Conforming Load does cause a disproportionate use of the regulating resource for the Balancing Authority.

B. Proposed Adjustment for Regulation and Frequency Response Service Rate—Generator-Based Assessment

This assessment would be applicable to ALL generators located operationally within the Balancing Authority that do not have designated load.

Western will perform an annual evaluation of the generator's performance and determine the amount of capacity required to meet that generator's specific Regulation Service needs.

The cost for provision of this Regulation Service would be a pass-through cost, borne by the owner of the generator, and calculated identically to the methodology for intermittent resources in excess of 10 percent of auxiliary load, as outlined below and detailed in appendices F and G.

C. Proposed Adjustment for Regulation and Frequency Response Service Rate—Load-Based Assessment with Intermittent Resource(s) in the Generation Portfolio

This load-based assessment would apply when the LSE inside the Balancing Authority has intermittent resource(s) as part of its generation portfolio.

Intermittent Resource Penetration Equal To or Less Than 10 Percent of Auxiliary Load

Western has determined that the WACM Balancing Authority has sufficient existing Regulation Service capacity to accommodate intermittent resource(s) equal to or less than 10 percent of WACM's current total auxiliary load. This determination of 10 percent was based upon an engineering analysis of intermittent resources and their impacts on WACM's CPS1 and CPS2, and will be reviewed annually each September.

If an entity's intermittent resource nameplate is equal to or less than 10 percent of their auxiliary load, the charge for Regulation Service would be equal to the load-based assessment rate. For example, the owner of the intermittent resource has an auxiliary load within WACM of 400 MW. Using the 10 percent allowance for application of the load-based rate, the owner would be allowed intermittent resources with a nameplate less than or equal to 40 MW, to be eligible for charges at the load-based rate.

To demonstrate the charging, in addition to the entity being charged the load-based rate for the 400 MW, for this entity's intermittent resource with nameplate installation of 40 MW and assuming a load-based rate of $0.20/kW-month, the charge would be as follows:

nameplate * load-based rate = total charge;
i.e., 40 MWs * 1,000 * $0.20 = $8,000.

At present, the 10 percent penetration level of intermittent resources within the WACM Balancing Authority has not been reached. Until such time as intermittent resource penetration meets or exceeds the established limit, Western may work with entities to establish a temporary use of the Balancing Authority's capacity limit.

Derivation of 10 Percent

The 10 percent limit is based on modeling of the Balancing Authority and determination of the maximum intermittent generation that the Balancing Authority can accommodate without experiencing degradation of CPS1 and CPS2, while utilizing existing Regulation Service resources.

See Appendix E for details of the modeling done in support of this proposed limit.

Intermittent Resources in Excess of 10 Percent

When the intermittent resource nameplate is in excess of 10 percent of a customer's auxiliary load, Western will pass-through to the customer the cost associated with the provision of any needed additional Regulation Service. The charges for Regulation Service beyond 10 percent of a customer's auxiliary load will be broken into two separate components.

The first component will be assessed against the minute-to-minute variation and will be termed "Regulation Charge." This component is the measure of Regulation Service use based on the minute-to-minute variation of the intermittent generators.

The second component will be termed "Regulating Reserve Charge" and will be assessed to the capacity difference (what was forecast/reserved versus what was actual/used). This component is basically the measure of regulating reserve capacity that the Balancing Authority has to set aside to accommodate intermittent generators' error between forecast generation and actual generation.

For both of these components, Western will accommodate generation owners' requests to aggregate the intermittent generators' consumption of minute-to-minute regulation, as well as the mismatch between forecasts and actual integrated generation. The aggregation of these components of Regulation Service may help minimize the charges for individual intermittent generators.

Regulation Charge

This charge will be calculated on an hourly basis and will be assessed based on the minute-to-minute consumption of Regulation Service.

See Appendix F for detail and example of this charge, based on aggregation of resources.

Regulating Reserve Charge

This charge will be calculated based on the hourly difference between the intermittent generator's forecast and its integrated actual generation. This assessment is required to compensate the Balancing Authority for the capacity required to balance a mismatch in forecast generation and actual generation for an intermittent resource.

See Appendix G for detail and example of this charge, based on aggregation of resources.

D. Proposed Adjustment for Regulation and Frequency Response Service Rate—Self-Provision Measurement/Assessment

The WACM Balancing Authority will allow entities serving load inside the Balancing Authority the opportunity to self-provide Regulation Service for their load(s) and resource(s). These entities will be known as Sub-Balancing Authorities. The Sub-Balancing Authorities must meet all of the following criteria to be eligible for self-provision of Regulation Service:

1. Have a well-defined boundary with the WACM Balancing Authority equipped with revenue-quality metering accuracy.
2. Have Automatic Generation Control (AGC) capability at the same scan rate as the Balancing Authority (currently 4 seconds).
3. Demonstrate Regulation Service capability.
4. Execute a contract with the WACM Balancing Authority that requires the entity to:
    a. Provide all requested data to the Balancing Authority, which at a minimum will be: real time scan-by-scan information regarding individual unit capability, real MW output, reactive megavolt-ampere output, engineering data commonly used for system modeling, and any other data required and requested in writing; and
    b. Meet Sub-Balancing Authority Error Criteria (SBAEC) as described in Appendix H.

Levels of Self-Provision

The AGC mode of operation that the entity has in place will determine the level of self-provision that can be provided. A requesting Sub-Balancing Authority must participate in regular performance testing and must provide sufficient documentation to receive full or partial credit for self-provision of Regulation Service.

A. Sub-Balancing Authority with Automatic Control of Generation

Sub-Balancing Authorities with automatic control of generation in response to an internal error signal (Sub-Balancing Authority Error (SBAE)) within the subject system may wish to provide for their own Regulation Service requirements. The internal error signal will consist of the measurement of a schedule across a known boundary, compared to the actual flow across the known boundary. For these entities, Western will require one of the following:

1. The Sub-Balancing Authority must be willing and able to respond to the WACM Balancing Authority's dynamic signal, proportional to the Sub-Balancing Authority's load within the Balancing Authority.
2. The Sub-Balancing Authority must allow the WACM Balancing Authority direct access to pulse the Sub-Balancing Authority's regulating units, proportional to their share of the Regulation Service requirement from the Balancing Authority.
3. The Sub-Balancing Authority and the WACM Balancing Authority may mutually agree to any other proven methodology and process.

However, if a Sub-Balancing Authority with automatic control of generation does not comply with one of the three requirements listed above, then that entity's Regulation Service use will be measured as outlined in the next section entitled "Sub-Balancing Authority without Automatic Control of Generation" and as detailed in Appendix H.

B. Sub-Balancing Authority without Automatic Control of Generation

A Sub-Balancing Authority without automatic control of the generation, with all control reactions to an error signal processed manually, may desire to self-provide part of its Regulation Service.

This type of entity will have its Regulation Service usage determined by an hourly calculation that measures the first derivative of the averaged 1-minute change in the Sub-Balancing Authority's error signal. The only exception will be those hours when there is a reserve activation response call in which the entity either receives or provides energy to the reserve group.

See Appendix H for details on the SBAEC and the measurement and assessment of the Proposed Rate.

Customer Accommodation

Western will work with entities unwilling to take Regulation Service from the WACM Balancing Authority, self-provide it, or acquire it from a third party, to meter their resources and/or loads out of the Balancing Authority. Until such time as that meter reconfiguration is accomplished, the WACM Balancing Authority will charge the entity for Regulation Service under the rate then in effect.

III. Rate Adjustment Procedure

Western's rate adjustment procedures are governed by the "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions" (10 CFR Part 903). These procedures give interested parties an opportunity to participate in the development of power rates.

1. Notice of Proposed Rate and Consultation and Comment Period: Initially, a notice of the Proposed Rate and official time for public participation must be published in the Federal Register. This notice is referred to as the Proposed Rate and establishes a consultation and comment period. This period begins on the publication date of the Federal Register notice and closes not less than 90 days later. During this period, interested parties may consult with and obtain information from Western's representatives concerning the Proposed Rate. Interested parties may also examine data used in the development of the Proposed Rate and suggest changes to Western. Specific details for providing comments are included in the Federal Register notice.

2. Public Information Forum: Western's representatives explain the Proposed Rate changes and answer questions. Those questions not answered at the Public Information Forum receive written responses at least 15 days prior to the end of the consultation and comment period.

3. Public Comment Forum: This forum provides a formal opportunity for interested parties to submit either written or oral comments to be shared with other attendees and Western representatives. Usually, Western does not respond to comments at this Public Comment Forum. However, comments will be considered in developing the final rate.

4. Written Comments: Interested parties may submit written comments and inquiries to Western during the consultation and comment period.

5. Revision of Proposed Rate: After the close of the consultation and comment period, Western will review and consider all comments. If appropriate, the Proposed Rate will be revised. If the Western Administrator deems that further public comment should be invited or is necessary, interested parties will be given a period of at least 30 days to submit additional comments concerning the Proposed Rate.

6. Preliminary Decision on Provisional Rate: Following the end of the consultation and comment period, Western's Administrator will develop provisional rates. The Deputy Secretary of Energy for the Department of Energy (DOE) has the authority to confirm, approve, and place this rate into effect on an interim basis. The decision, together with an explanation of the principal factors leading to the decision, will be published in the Federal Register as a Notice of Final Rate.

7. Final Approval of Provisional Rate: The Deputy Secretary will submit information concerning the provisional rate to FERC and request final approval. The response of FERC will be to:

   i. give final confirmation and approval to the provisional rate;
   ii. disapprove the provisional rate; or
   iii. remand the matter to Western for further study.

The provisional rate does not become final until it is approved by FERC.

IV. Environmental Evaluation

Pursuant to the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321 et. Seq.); the Council on Environmental Quality Regulations of Implementing NEPA (40 CFR Parts 1500 through 1508); and the DOE NEPA Implementing Procedures and Guidelines (10 CFR Part 1021), Western has conducted an environmental evaluation of the Proposed Rate.

Western's determination is that this Proposed Rate is eligible for a Categorical Exclusion under 10 CFR Part 1021, Subpart D, B.4.3., which states that an exclusion can be granted for "Rate changes for electric power, power transmission, and other products or services provided by a Power Marketing Administration that are based on a change in revenue requirements, if the operations of generation projects would remain within normal limits."

V. Appendices

A. Federal Register Notice of Proposed Rate
B. Existing Rate Schedule L-AS3 / Regulation and Frequency Response Service
C. Abbreviated Proposed Schedule for Rate Process
D. Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR 903
E. Derivation of 10 Percent Limit of Auxiliary Load Limit for Penetration of Intermittent Resources without Degradation of CPS1/CPS2
F. Regulation Charge Calculation for Intermittent Generators in Excess of 10 Percent of Auxiliary Load
G. Regulating Reserve Charge Calculation for Intermittent Resources in Excess of 10 Percent of Auxiliary Load
H. Sub-Balancing Authority Error Criteria and Measurement for Self-Provision of Regulation Service

APPENDIX A

FEDERAL REGISTER NOTICE OF PROPOSED RATE
PUBLISHED JUNE 20, 2005

with the Commission and is available for public inspection.

a. *Type of Application:* New Major License.

b. *Project No.:* 2153–012.

c. *Date filed:* April 30, 2002.

d. *Applicant:* United Water Conservation District.

e. *Name of Project:* Santa Felicia Hydroelectric Project.

f. *Location:* On Piru Creek, in Ventura County, California. There are 174.5 acres of United States Forest Service land (Los Padres and Angels National Forest) within the boundary of the project.

g. *Filed Pursuant to:* Federal Power Act, 16 U.S.C. 791(a)—825(r).

h. *Applicant Contact:* John Dickenson, United Water Conservation District, 106 N. 8th Street, Santa Paula, CA 93060, (805) 525–4431, *johnd@unitedwater.org*

i. *FERC Contact:* Kenneth Hogan at (202) 502–8434 or *Kenneth.Hogan@ferc.gov.*

j. Deadline for filing comments, recommendations, terms and conditions, and prescriptions is 60 days from the issuance of this notice; reply comments are due 105 days from the issuance date of this notice.

All documents (original and eight copies) should be filed with: Magalie R. Salas, Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426.

The Commission's Rules of Practice require all intervenors filing documents with the Commission to serve a copy of that document on each person on the official service list for the project. Further, if an intervenor files comments or documents with the Commission relating to the merits of an issue that may affect the responsibilities of a particular resource agency, they must also serve a copy of the document on that resource agency.

Comments, recommendations, terms and conditions, and prescriptions may be filed electronically via the Internet in lieu of paper. The Commission strongly encourages electronic filings. See 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's Web site (*http://www.ferc.gov*) under the ''e-filing'' link.

k. This application has been accepted for filing and is now ready for environmental analysis.

l. The Santa Felicia Project is operated as a flood control dam during the winter with a primary purpose of storing water to recharge alluvium aquifers downstream of the project. Typically, the project acts as a hydroelectric project only during the conservation releases that serve to recharge the aquifers, normally a period of approximately 50 days during September and October. Power is also generated in anticipation of or during reservoir spill periods. The existing Santa Felicia Project consists of (1) A 200-foot-tall, 1,260-foot-long earth-fill dam; (2) an 87,187 acre-foot reservoir with a useable storage capacity of 67,669 acre-feet; (3) an ungated spillway and associated works; (4) a powerhouse with two units having a total installed capacity of 1,434-kilowatts; and (5) appurtenant facilities. The Santa Felicia powerhouse is operated manually.

m. A copy of the application is available for review at the Commission in the Public Reference Room or may be viewed on the Commission's Web site at *http://www.ferc.gov* using the ''eLibrary'' link. Enter the docket number excluding the last three digits in the docket number field to access the document. For assistance, contact FERC Online Support at *FERCOnlineSupport@ferc.gov* or toll-free at 1–866–208–3676, or for TTY, (202) 502–8659. A copy is also available for inspection and reproduction at the address in item (h) above.

You may also register online at *http://www.ferc.gov/docs-filing/esubscription.asp* to be notified via e-mail of new filings and issuances related to this or other pending projects. For assistance, contact FERC Online Support.

n. Public notice of the filing of the initial development application, which has already been given, established the due date for filing competing applications or notices of intent. Under the Commission's regulations, any competing development application must be filed in response to and in compliance with public notice of the initial development application. No competing applications or notices of intent may be filed in response to this notice.

All filings must (1) Bear in all capital letters the title ''COMMENTS'', ''REPLY COMMENTS'', ''RECOMMENDATIONS,'' ''TERMS AND CONDITIONS,'' or ''PRESCRIPTIONS;'' (2) set forth in the heading the name of the applicant and the project number of the application to which the filing responds; (3) furnish the name, address, and telephone number of the person submitting the filing; and (4) otherwise comply with the requirements of 18 CFR 385.2001 through 385.2005. All comments, recommendations, terms and conditions or prescriptions must set forth their evidentiary basis and otherwise comply with the requirements of 18 CFR 4.34(b). Agencies may obtain copies of the application directly from the applicant. Each filing must be accompanied by proof of service on all persons listed on the service list prepared by the Commission in this proceeding, in accordance with 18 CFR 4.34(b), and 385.2010.

Magalie R. Salas,

Secretary.

[FR Doc. E5–3144 Filed 6–17–05; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Western Area Power Administration

Loveland Area Projects—Western Area Colorado Missouri Balancing Authority-Rate Order No. WAPA 118

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of proposed rate.

SUMMARY: The Western Area Power Administration (Western) is proposing an adjustment for its Regulation and Frequency Response Service (Regulation) rate. The current rate, Rate Schedule No. L–AS3, will expire February 28, 2009.

Western is undertaking this rate adjustment in response to anticipated load and resource growth and the corresponding impact on the Western Area Colorado Missouri (WACM) Balancing Authority (WACM Balancing Authority). Prior to April 1, 2005, the WACM Balancing Authority was known as the WACM Control Area.

This proposed rate adjustment will ensure that users of Regulation service within the WACM Balancing Authority are appropriately assessed for their Regulation usage and that sufficient revenue is collected to cover provision of the service. Publication of this **Federal Register** notice begins the formal process for the proposed rate adjustment.

DATES: The consultation and comment period begins today and will end September 19, 2005. Western will present a detailed explanation of the proposed rate adjustment at the public information forum, to be held on the following date and time:

1. July 27, 2005, 10 a.m. MDT, Denver, CO.

Western will accept oral and written comments at the public comment forum, to be held on the following date and time:

1. July 27, 2005, 1 p.m. MDT, Denver, CO.

Western will accept written comments at any time during the consultation and comment period.

ADDRESSES: Send written comments to Edward F. Hulls, Operations Manager, Rocky Mountain Customer Service Region (RMR), Western Area Power Administration, P.O. Box 3700, Loveland, CO 80539–3003, e-mail *LAPRegRateAdjust@wapa.gov.* Western will post information about the rate process on its Web site at *http://www.wapa.gov/rm/reg_rate_information.htm.* Western will post official comments received via letter and e-mail after the close of the consultation and comment period. Written comments must be received by the end of the consultation and comment period to ensure they are considered in Western's decision process. Western's public information forum and public comment forum will both be held at the following location:

1. Radisson Hotel, Stapleton Plaza, 3333 Quebec Street, Denver, CO 80207, (303) 321–3500.

FOR FURTHER INFORMATION CONTACT: Mr. Edward F. Hulls, Operations Manager, RMR, Western Area Power Administration, P.O. Box 3700, Loveland, CO 80539–3003, telephone (970) 461–7566, e-mail *LAPRegRateAdjust@wapa.gov*; or Mr. Daniel T. Payton, Rates Manager, RMR, Western Area Power Administration, P.O. Box 3700, Loveland, CO 80539–3003, telephone (970) 461–7442, e-mail *LAPRegRateAdjust@wapa.gov.*

SUPPLEMENTARY INFORMATION: The current Rate Schedule L–AS3 was approved by the Deputy Secretary of Energy as part of Rate Order No. WAPA–106 (69 FR 1723–1738) on January 12, 2004, which placed formula rates for Loveland Area Projects (LAP) transmission and ancillary services into effect on an interim basis effective March 1, 2004. On January 31, 2005, the Federal Energy Regulatory Commission (Commission) confirmed and approved the formula rates under FERC Docket No. EF04–5182–000 (110 FERC 62,084). The approval of Rate Schedule L–AS3 covers the five (5) year period beginning on March 1, 2004, and ending on February 28, 2009.

The existing formula rate methodology for this rate will change under the proposed adjustment. Additionally, the proposed rate includes four different applications: (1) Load-based assessment; (2) generator-based assessment; (3) load-based with non-dispatchable resource(s) in the generation portfolio; and (4) assessment of self-provision for Regulation service, as follows:

(1) Load-Based Assessment

The first application of the Regulation rate will be assessed to entities serving load within the WACM Balancing Authority. This load-based rate will be assessed on an entity's auxiliary load (total metered load less Federal entitlements).

Western will periodically evaluate each entity's load and generation patterns and determine whether or not they are within normal limits (conforming vs. non-conforming). Based on these periodic evaluations, Western may adjust the Regulation charges for an entity.

(2) Generator-Based Assessment

The second application of this Regulation rate will be assessed to entities that have a generating resource, but serve no load, within the WACM Balancing Authority.

Based on the characteristics of the specific generator, Western will determine the amount of Regulation required for the resource. Based on Western's periodic evaluation of the resource's performance, the Regulation requirements for the resource may be adjusted.

(3) Load-Based Assessment With Non-Dispatchable Resource(s) In the Generation Portfolio

The third application of this rate will be assessed much like the load-based assessment, but will apply specifically to entities that also have non-dispatchable resource(s) in their generation portfolio.

In addition to the load-based charges outlined above, the entity will also be assessed the load-based Regulation charge for its non-dispatchable resource(s) equal to or less than 10 percent of that entity's auxiliary load. For non-dispatchable resource(s) beyond 10 percent of an entity's auxiliary load, Western will determine the amount of required Regulation and charge Western's pass-through cost for providing the service.

(4) Self-Provision Assessment

The fourth application of this rate will allow for the self-provision of Regulation service. The WACM Balancing Authority will allow entities serving load inside the Balancing Authority to self-provide Regulation service for their load(s) and resource(s). These entities will be known as Sub-Balancing Authorities. The Sub-Balancing Authorities must meet all of the following criteria to be eligible for self-provision of Regulation service:

1. Have a well-defined boundary with the WACM Balancing Authority equipped with revenue-quality metering accuracy as defined by the North American Electric Reliability Council (NERC), to include megawatt (MW) flow data availability at 1-minute or smaller intervals.

2. Have Automatic Generation Control (AGC) capability.

3. Demonstrate Regulation capability.

4. Execute a contract with the Balancing Authority that requires the entity to:

a. Provide all requested necessary data to the Balancing Authority

b. Meet Sub-Balancing Authority Error Criteria (SBAEC)

Levels of Self-Provision

The type of operating system that the entity has in place will determine the level of self-provision provided. A requesting Sub-Balancing Authority must participate in regular performance testing and must provide sufficient documentation to receive full or partial credit for self-provision of Regulation service.

Sub-Balancing Authorities with automatic control of generation in response to an internal error signal within the subject system may wish to provide for their own Regulation requirements. The internal error signal will consist of the measurement of a schedule across a known boundary, compared to the actual flow across the known boundary. For these entities, Western will require one of the following criteria:

1. The Sub-Balancing Authority must be willing and able to respond to the WACM Balancing Authority's dynamic signal, proportional to the Sub-Balancing Authority's load within the Balancing Authority.

2. The Sub-Balancing Authority must allow the WACM Balancing Authority direct access to pulse the Sub-Balancing Authority's regulating units, proportional to their share of the Regulation requirement from the Balancing Authority.

3. The Sub-Balancing Authority and the WACM Balancing Authority may mutually agree to any other proven methodology and process.

A Sub-Balancing Authority that does not have automatic control of the generation, with all control reactions to an error signal processed manually, may desire to self-provide Regulation service. This type of entity will have its Regulation service usage determined by an hourly calculation that measures the first derivative of the averaged 1-minute change in the Sub-Balancing Authority's error signal. The only exception will be those hours when there is a reserve activation response call in which the entity either receives or provides energy to the reserve group.

Contributions for Frequency Bias

For those entities operating automated generation control in a tie-line bias mode, subject to the requirements for Frequency Responsive Reserves (FRR), the WACM Balancing Authority intends to offset the calculated Regulation requirement by an amount equal to the weighted average hourly frequency multiplied by an entity's frequency response bias factor. This will eliminate any Regulation costs incurred due to the provision of frequency support to the interconnection.

For a requesting entity to qualify for this accommodation, it must provide the WACM Balancing Authority with data required for physical confirmation of FRR participation. Minimum data that must be provided in real time includes the scan-by-scan information regarding individual unit capability, real MW output, and reactive megavolt-ampere output. Engineering data commonly used for system modeling must also be provided. Other data may be required and will be requested in writing. No credit(s) will be allowed for frequency bias contributions until the requested real-time and engineering data is provided to the WACM Balancing Authority.

Customer Accommodation

Western will work with entities unwilling to take Regulation service from the WACM Balancing Authority, self-provide it, or provide it from a third party, to meter their resources and/or loads out of the Balancing Authority. Until such time as that meter reconfiguration is accomplished, the WACM Balancing Authority will charge the entity for Regulation service under the rate then in effect.

Legal Authority

Western has determined that the proposed rate constitutes a minor rate adjustment as defined by 10 CFR part 903, and has established a 90-day comment period. During that time, Western will hold both a public information forum and a public comment forum. After review of public comments, and possible amendments or adjustments, Western will recommend that the Deputy Secretary of Energy approve the proposed rate on an interim basis.

Western is establishing this proposed rate adjustment for Regulation and Frequency Response Service under the Department of Energy Organization Act (42 U.S.C. 7152); the Reclamation Act of 1902 (ch 1093, 32 Stat. 388), as amended and supplemented by subsequent enactments, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)) and section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s); and other acts specifically applicable to the projects involved.

By Delegation Order No. 00–037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to Western's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to the Federal Energy Regulatory Commission. Existing DOE procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985 (50 FR 37835).

Availability of Information

All brochures, studies, comments, letters, memoranda, e-mail, or other documents made or kept by Western for developing the proposed rate will be made available for inspection and copying at the Rocky Mountain Customer Service Region office located at 5555 East Crossroads Boulevard, Loveland, CO 80538.

Western's Customer Rate Brochure for this rate adjustment is available on Western's Web site at *http://www.wapa.gov/rm/reg_rate_information.htm.*

Regulatory Procedure Requirements

Regulatory Flexibility Analysis

The Regulatory Flexibility Act of 1980 (5 U.S.C. 601, *et seq.*) requires Federal agencies to perform a regulatory flexibility analysis if a final rule is likely to have a significant economic impact on a substantial number of small entities and there is a legal requirement to issue a general notice of proposed rulemaking. This action does not require a regulatory flexibility analysis since it is a rulemaking of particular applicability involving rates or services applicable to public property.

Environmental Compliance

In compliance with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321, *et seq.*); Council on Environmental Quality Regulations (40 CFR parts 1500–1508); and DOE NEPA Regulations (10 CFR part 1021), Western has determined this action is categorically excluded from preparing an environmental assessment or an environmental impact statement.

Determination Under Executive Order 12866

Western has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Small Business Regulatory Enforcement Fairness Act

Western has determined that this rule is exempt from congressional notification requirements under 5 U.S.C. 801 because the action is a rulemaking of particular applicability relating to rates or services and involves matters of procedure.

Dated: April 28, 2005.

Michael S. Hacskaylo,

Administrator.

[FR Doc. 05–12072 Filed 6–17–05; 8:45 am]

BILLING CODE 6450–01–P

EXPORT-IMPORT BANK OF THE UNITED STATES

Economic Impact Policy

This notice is to inform the public that the Export-Import Bank of the United States has received an application to finance the export of approximately $22.3 million in U.S. equipment to a producer of denim in Turkey. The exports will expand the Turkish buyer's current production of denim by about 15 million square meters per year. Available information indicates that the denim will be sold in Turkey, Europe and the Former Soviet Union, starting in the latter part of 2005. Interested parties may submit comments on this transaction by e-mail to *economic.impact@exim.gov* or by mail to 811 Vermont Avenue, NW., Room 1238, Washington, DC 20571, within 14 days of the date this notice appears in the **Federal Register**.

Helene S. Walsh,

Director, Policy Oversight and Review.

[FR Doc. 05–12028 Filed 6–17–05; 8:45 am]

BILLING CODE 6690–01–P

FEDERAL RESERVE SYSTEM

Agency Information Collection Activities: Proposed Collection; Comment Request

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY:

Background

On June 15, 1984, the Office of Management and Budget (OMB)

APPENDIX B

EXISTING RATE SCHEDULE L-AS3

Rate Schedule L-AS3
SCHEDULE 3 to Tariff
October 1, 2004

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
ROCKY MOUNTAIN REGION
Loveland Area Projects

REGULATION AND FREQUENCY RESPONSE SERVICE

Applicable

Regulation and Frequency Response Service (Regulation) is necessary to provide for the continuous balancing of resources, generation, and interchange, with load and for maintaining scheduled interconnection frequency at sixty cycles per second (60 Hz). Regulation is accomplished by committing on-line generation whose output is raised or lowered, predominantly through the use of automatic generating control equipment, as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Western Area Colorado Missouri control area (WACM) operator. The Customers (Loveland Area Projects (LAP) Transmission Customers and customers on others' transmission systems within WACM) must either purchase this service from WACM or make alternative comparable arrangements to satisfy their Regulation obligations. The charges for Regulation are outlined below.

The LAP charges for Regulation may be modified upon written notice to the Customer. Any change to the Regulation charges will be listed in a revision to this rate schedule issued under applicable Federal laws, regulations, and policies and made part of the applicable service agreement. The Rocky Mountain Region (RMR) will charge the Customer under the rate then in effect.

Credit will be given to those Customers who provide WACM with Regulation. These types of crediting arrangements must be documented in the Customer's Service Agreement.

APPENDIX B (continued)

EXISTING RATE SCHEDULE L-AS3

Effective

The first day of the first full billing period beginning on or after March 1, 2004, through February 28, 2009.

Formula Rate

$$\text{WACM Regulation Rate} = \frac{\text{Total Annual Revenue Requirement for Regulation}}{\text{Load in the Control Area Requiring Regulation}}$$

****

Rate

The rate to be in effect October 1, 2004, through September 30, 2005, is:

Monthly:	$0.197/kW-month
Weekly:	$0.045/kW-week
Daily:	$0.006/kW-day
Hourly:	$0.000250/kWh

This rate is based on the above formula and on FY 2003 financial and load data.

APPENDIX C

ABBREVIATED
PROPOSED SCHEDULE FOR RATE PROCESS

Task	Date	Notes
NOPR published in Federal Register and Customer Brochure distributed/posted on Western's Web site	June 20, 2005	
Public Information Forum	July 27, 2005	10:00 a.m.
Public Comment Forum	July 27, 2005	1:00 p.m.
Comment Period Closes	September 19, 2005	90-day Consultation and Comment Period
Final Notice of Rate Order Published in the Federal Register	December 15, 2005	
Effective Date for Rate Schedule L-AS3, as adjusted	January 1, 2006	

APPENDIX D

PROCEDURES FOR PUBLIC PARTICIPATION IN POWER AND TRANSMISSION ADJUSTMENTS AND EXTENSIONS - 10 CFR 903

§ 871.4 Limitation on redelegation of authority.

The authority delegated in this part may not be redelegated without the prior approval of the Assistant Administrator for National Security.

PART 903—POWER AND TRANSMISSION RATES

Subpart A—Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions for the Alaska, Southeastern, Southwestern, and Western Area Power Administrations

AUTHORITY: Secs. 301(b), 302(a), and 644 of Department of Energy Organization Act, Pub. L. 95–91 (42 U.S.C. 7101 *et seq.*); sec. 5 of the Flood Control Act of 1944 (16 U.S.C. 825s); the Reclamation Act of 1902 (43 U.S.C. 372 *et seq.*), as amended and supplemented by subsequent enactments, particularly sec. 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and the Acts specifically applicable to individual projects or power systems.

SOURCE: 50 FR 37837, Sept. 18, 1985, unless otherwise noted.

Subpart A—Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions for the Alaska, Southeastern, Southwestern, and Western Area Power Administrations

§ 903.1 Purpose and scope; application.

(a) Except as otherwise provided herein, these regulations establish procedures for the development of power and transmission rates by the Administrators of the Alaska, Southeastern, Southwestern, and Western Area Power Administrations; for the providing of opportunities for interested members of the public to participate in the development of such rates; for the confirmation, approval, and placement in effect on an interim basis by the Deputy Secretary of the Department of Energy of such rates; and for the submission of such rates to the Federal Energy Regulatory Commission with or without prior interim approval. These regulations supplement Delegation Order No. 0204–108 of the Secretary of Energy, which was published in the FEDERAL REGISTER and became effective on December 14, 1983 (48 FR 55664), with respect to the activities of the Deputy Secretary and the Administrators.

(b) These procedures shall apply to all power and transmission rate adjustment proceedings for the Power Marketing Administrations (PMAs) which are commenced after these regulations become effective or were in process on the effective date of these regulations, but for which the FERC had not issued any substantive orders on or before December 14, 1983. These procedures supersede ''Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions for the Alaska, Southeastern, Southwestern, and Western Area Power Administrations'' published in 45 FR 86983 (December 31, 1980) and amended at 46 FR 6864 (January 22, 1981) and 46 FR 25427 (May 7, 1981).

(c) Except to the extent deemed appropriate by the Administrator in accordance with applicable law, these procedures do not apply to rates for short term sales of capacity, energy, or transmission service.

[50 FR 37837, Sept. 18, 1985; 50 FR 48075, Nov. 21, 1985]

§ 903.2 Definitions.

As used herein—

(a) *Administrator* means the Administrator of the PMA whose rate is involved in the rate adjustment, or anyone acting in such capacity.

(b) *Department* means the Department of Energy, including the PMAs but excluding the Federal Energy Regulatory Commission.

(c) *Deputy Secretary* means the Deputy Secretary of the Department of Energy, or anyone acting in such capacity.

(d) *FERC* means the Federal Energy Regulatory Commission.

(e) *Major rate adjustment* means a rate adjustment other than a minor rate adjustment.

(f) *Minor rate adjustment* means a rate adjustment which (1) will produce less than 1 percent change in the annual revenues of the power system or (2) is for a power system which has either annual sales normally less than 100 million kilowatt hours or an installed capacity of less than 20,000 kilowatts.

(g) *Notice* means the statement which informs customers and the general public of Proposed Rates or proposed rate extensions, opportunities for consultation and comment, and public forums. The Notice shall be by and effective on the date of publication in the FEDERAL REGISTER. Whenever a time period is provided, the date of publication in the FEDERAL REGISTER shall determine the commencement of the time period, unless otherwise provided in the Notice. The Notice shall include the name, address, and telephone number of the person to contact if participation or further information is sought.

(h) *Power Marketing Administration* or *PMA* means the Alaska Power Administration, Southeastern Power Administration, Southwestern Power Administration, or Western Area Power Administration.

(i) *Power system* means a powerplant or a group of powerplants and related facilities, including transmission facilities, or a transmission system, that the PMA treats as one unit for the purposes of establishing rates and demonstrating repayment.

(j) *Proposed Rate* means a rate revision or a rate for a new service which is under consideration by the Department on which public comment is invited.

(k) *Provisional Rate* means a rate which has been confirmed, approved, and placed in effect on an interim basis by the Deputy Secretary.

(l) *Rate* means the monetary charge or the formula for computing such a charge for any electric service provided by the PMA, including but not limited to charges for capacity (or demand), energy, or transmission service; however, it does not include leasing fees, service facility charges, or other types of facility use charges. A rate may be set forth in a rate schedule or in a contract.

(m) *Rate adjustment* means a change in an existing rate or rates, or the establishment of a rate or rates for a new service. It does not include a change in rate schedule provisions or in contract terms, other than changes in the price per unit of service, nor does it include changes in the monetary charge pursuant to a formula stated in a rate schedule or a contract.

(n) *Rate schedule* means a document identified as a ''rate schedule,'' ''schedule of rates,'' or ''schedule rate'' which designates the rate or rates applicable to a class of service specified therein and may contain other terms and conditions relating to the service.

(o) *Short term sales* means sales that last for no longer than one year.

(p) *Substitute Rate* means a rate which has been developed in place of the rate that was disapproved by the FERC.

[50 FR 37837, Sept. 18, 1985; 50 FR 48075, Nov. 21, 1985]

§ 903.11 Advance announcement of rate adjustment.

The Administrator may announce that the development of rates for a new service or revised rates for an existing service is under consideration. The announcement shall contain pertinent information relevant to the rate adjustment. The announcement may be through direct contact with customers, at public meetings, by press release, by newspaper advertisement, and/or by FEDERAL REGISTER publication. Written comments relevant to rate policy and design and to the rate adjustment process may be submitted by interested parties in response to the announcement. Any comments received shall be considered in the development of Proposed Rates.

§ 903.13 Notice of proposed rates.

(a) The Administrator shall give Notice tht Proposed Rates have been prepared and are under consideration. The Notice shall include:

(1) The Proposed Rates;

(2) An explanation of the need for and derivation of the Proposed Rates;

(3) The locations at which data, studies, reports, or other documents used in developing the Proposed Rates are available for inspection and/or copying;

(4) The dates, times, and locations of any initially scheduled public forums; and

(5) Address to which written comments relative to the Proposed Rates and requests to be informed of FERC actions concerning the rates may be submitted.

(b) Upon request, customers of the power system and other interested persons will be provided with copies of the principal documents used in developing the Proposed Rates.

§ 903.14 Consultation and comment period.

All interested persons will have the opportunity to consult with and obtain information from the PMA, to examine backup data, and to make suggestions for modification of the Proposed Rates for a period ending (a) 90 days in the case of major rate adjustments, or 30 days in the case of minor rate adjustments, after the Notice of Proposed Rates is published in the FEDERAL REGISTER, except that such periods may be shortened for good cause shown; (b) 15 days after any answer which may be provided pursuant to § 903.15(b) hereof; (c) 15 days after the close of the last public forum; or (d) such other time as the Administrator may designate; whichever is later. At anytime during this period, interested persons may submit written comments to the PMA regarding the Proposed Rates. The Administrator may also provide additional time for the submission of written rebuttal comments. All written comments shall be available at a designated location for inspection, and copies also will be furnished on request for which the Administrator may assess a fee. Prior to the action described in § 903.21, the Administrator may, by appropriate announcement postpone any procedural date or make other procedural changes for good cause shown at the request of any party or on the Administrator's own motion. The Administrator shall maintain, and distribute on request, a list of interested persons.

§ 903.15 Public information forums.

(a) One or more public information forums shall be held for major rate adjustments, except as otherwise provided in paragraph (c) of this section, and may be held for minor adjustments, to explain, and to answer questions concerning, the Proposed Rates and the basis of and justification for proposing such rates. The number, dates, and locations of such forums will be determined by the Administrator in accordance with the anticipated or demonstrated interest in the Proposed Rates. Notice shall be given in advance of such forums. A public information forum may be combined with a public comment forum held in accordance with § 903.16.

(b) The Administrator shall appoint a forum chairperson. Questions raised at the forum concerning the Proposed Rates and the studies shall be answered by PMA representatives at the forum, at a subsequent forum, or in writing at least 15 days before the end of the consultation and comment period. However, questions that involve voluminous data contained in the PMA records may be answered by providing an opportunity for consultation and for a review of the records at the PMA offices. As a minimum, the proceedings of the forum held at the principal location shall be transcribed. Copies of all documents introduced, and of questions and written answers shall be available at a designated location for inspection and copies will be furnished by the Administrator on request, for which a fee may be assessed. Copies of the transcript may be obtained from the transcribing service.

(c) No public information forum need be held for major rate adjustments if, after the Administrator has given Notice of a scheduled forum, no person indicates in writing by a prescribed date an intent to appear at such public forum.

§ 903.16 Public comment forums.

(a) One or more public comment forums shall be held for major rate adjustments, except as otherwise provided in paragraph (c) of this section,

and may be held for minor rate adjustments, to provide interested persons an opportunity for oral presentation of views, data, and arguments regarding the Proposed Rates. The number, dates, and locations of such forums will be determined by the Administrator in accordance with the anticipated or demonstrated interest in the Proposed Rates. Notice shall be given at least 30 days in advance of the first public comment forum at each location and shall include the purpose, date, time, place, and other information relative to the forum, as well as the locations where pertinent documents are available for examination and/or copying.

(b) The Administrator shall designate a forum chairperson. At the forum, PMA representatives may question those persons making oral statements and comments. The chairperson shall have discretion to establish the sequence of, and the time limits for, oral presentations and to determine if the comments are relevant and noncumulative. Forum proceedings shall be transcribed. Copies of all documents introduced shall be available at a designated location for inspection, and copies shall be furnished on request for which the Administrator may assess a fee. Copies of the transcript may be obtained from the transcribing service.

(c) No public comment forum need be held for major rate adjustments if, after the Administrator has given notice of a scheduled forum, no person indicates in writing by a prescribed date an intent to appear at such public forum.

§ 903.17 Informal public meetings for minor rate adjustments.

In lieu of public information or comment forums in conjunction with a minor rate adjustment, informal public meetings may be held if deemed appropriate by the Administrator. Such informal meetings will not require a Notice or a transcription.

§ 903.18 Revision of proposed rates.

During or after the consultation and comment period and review of the oral and written comments on the Proposed Rates, the Administrator may revise the Proposed Rates. If the Administrator determines that further public comment should be invited, the Administrator shall afford interested persons an appropriate period to submit further written comments to the PMA regarding the revised Proposed Rates. The Administrator may convene one or more additional public information and/or public comment forums. The Administrator shall give Notice of any such additional forums.

§ 903.21 Completion of rate development; provisional rates.

(a) Following completion of the consultation and comment period and review of any oral and written comments on the Proposed Rates, the Administrator may: (1) Withdraw the proposal; (2) develop rates which in the Administrator's and the Deputy Secretary's judgment should be confirmed, approved, and placed into effect on an interim basis (Provisional Rates); or (3) develop rates which in the Administrator's judgment should be confirmed, approved, and placed into effect by the FERC on a final basis without being placed into effect on an interim basis. A statement shall be prepared and made available to the public setting forth the principal factors on which the Deputy Secretary's or the Administrator's decision was based. The statement shall include an explanation responding to the major comments, criticisms, and alternatives offered during the comment period. The Administrator shall certify that the rates are consistent with applicable law and that they are the lowest possible rates to customers consistent with sound business principles. The rates shall be submitted promptly to the FERC for confirmation and approval on a final basis.

(b) The Deputy Secretary shall set the effective date for Provisional Rates. The effective date shall be at least 30 days after the Deputy Secretary's decision except that the effective date may be sooner when appropriate to meet a contract deadline, to avoid financial difficulties, to provide a rate for a new service, or to make a minor rate adjustment.

(c) The effective date may be adjusted by the Administrator to coincide with the beginning of the next billing period following the effective

date set by the Deputy Secretary for the Provisional Rates.

(d) Provisional Rates shall remain in effect on an interim basis until: (1) They are confirmed and approved on a final basis by the FERC; (2) they are disapproved and the rates last previously confirmed and approved on a final basis become effective; (3) they are disapproved and higher Substitute Rates are confirmed and approved on a final basis and placed in effect by the FERC; (4) they are disapproved and lower Substitute Rates are confirmed and approved on a final basis by the FERC; or (5) they are superseded by other Provisional Rates placed in effect by the Deputy Secretary, whichever occurs first.

§ 903.22 Final rate approval.

(a) Any rate submitted to the FERC for confirmation and approval on a final basis shall be accompanied with such supporting data, studies, and documents as the FERC may require, and also with the transcripts of forums, written answers to questions, written comments, the Administrator's certification, and the statement of principal factors leading to the decision. The FERC shall also be furnished a listing of those customers and other participants in the rate proceeding who have requested they be informed of FERC action concerning the rates.

(b) If the FERC confirms and approves Provisional Rates on a final basis, such confirmation and approval shall be effective as of the date such rates were placed in effect by the Deputy Secretary, as such date may have been adjusted by the Administrator. If the FERC confirms and approves on a final basis rates submitted by the Administrator without interim approval, such confirmation and approval shall be effective on a date set by the FERC.

(c) If the FERC disapproves Provisional Rates or other submitted rates, the Administrator shall develop Substitute Rates which take into consideration the reasons given by the FERC for its disapproval. If, in the Administrator's judgment, public comment should be invited upon proposed Substitute Rates, the Administrator may provide for a public consultation and comment period before submitting the Substitute Rates. Whether or not such public consultation and comment periods are provided, the Administrator will, upon request, provide customers of the power system and other interested persons with copies of the principal documents used in the development of the Substitute Rates. Within 120 days of the date of FERC disapproval of submitted rates, including Substitute Rates, or such additional time periods as the FERC may provide, the Administrator will submit the Substitute Rates to the FERC. A statement explaining the Administrator's decision shall accompany the submission.

(d) A Provisional Rate that is disapproved by the FERC shall remain in effect until higher or lower rates are confirmed and approved by the FERC on a final basis or are superseded by other rates placed into effect by the Deputy Secretary on an interim basis: Provided, That if the Administrator does not file a Substitute Rate within 120 days of the disapproval or such greater time as the FERC may provide, and if the rate has been disapproved because the FERC determined that it would result in total revenues in excess of those required by law, the rate last previously confirmed and approved on a final basis will become effective on a date and for a period determined by the FERC and revenues collected in excess of such rate during such period will be refunded in accordance with paragraph (g) of this section.

(e) If a Substitute Rate confirmed and approved on a final basis by the FERC is higher than the provisional rate which was disapproved, the Substitute Rate shall become effective on a subsequent date set by the FERC, unless a subsequent Provisional Rate even higher than the Substitute Rate has been put into effect. FERC confirmation and approval of the higher Substitute Rate shall constitute final confirmation and approval of the lower disapproved Provisional Rate during the interim period that it was in effect.

(f) If a Substitute Rate confirmed and approved by the FERC on a final basis is lower than the disapproved provisional rate, such lower rate shall be effective as of the date the higher disapproved rate was placed in effect.

(g) Any overpayment shall be refunded with interest unless the FERC determines that the administrative cost of a refund would exceed the amount to be refunded, in which case no refund will be required. The interest rate applicable to any refund will be determined by the FERC.

(h) A rate confirmed and approved by the FERC on a final basis shall remain in effect for such period or periods as the FERC may provide or until a different rate is confirmed, approved and placed in effect on an interim or final basis: *Provided*, That the Deputy Secretary may extend a rate on an interim basis beyond the period specified by the FERC.

§ 903.23 Rate extensions.

(a) The following regulations shall apply to the extension of rates which were previously confirmed and approved by the FERC or the Federal Power Commission, or established by the Secretary of the Interior, and for which no adjustment is comtemplated:

(1) The Administrator shall give Notice of the proposed extension at least 30 days before the expiration of the prior confirmation and approval, except that such period may be shortened for good cause shown.

(2) The Administrator may allow for consultation and comment, as provided in these procedures, for such period as the Administrator may provide. One or more public information and comment forums may be held, as provided in these procedures, at such times and locations and with such advance Notice as the Administrator may provide.

(3) Following notice of the proposed extension and the conclusion of any consultation and comment period, the Deputy Secretary may extend the rates on an interim basis.

(b) Provisional Rates and other existing rates may be extended on a temporary basis by the Deputy Secretary without advance notice or comment pending further action pursuant to these regulations or by the FERC. The Deputy Secretary shall publish notice in the FEDERAL REGISTER of such extension and shall promptly advise the FERC of the extension.

PART 904—GENERAL REGULATIONS FOR THE CHARGES FOR THE SALE OF POWER FROM THE BOULDER CANYON PROJECT

Subpart A—Power Marketing

Sec.

AUTHORITY: Reclamation Act of 1902 (32 Stat. 388); Boulder Canyon Project Act of 1928 (43 U.S.C. 617 *et seq.*); Boulder Canyon Project Adjustment Act of 1940 (43 U.S.C. 618 *et seq.*); Department of Energy Organization Act (42 U.S.C. 7101 *et seq.*); Colorado River Storage Project Act of 1956 (43 U.S.C. 620 *et seq.*); Colorado River Basin Project Act of 1968 (43 U.S.C. 1501 *et seq.*); and Hoover Power Plant Act of 1984 (98 Stat. 1333 (43 U.S.C. 619 *et seq.*)).

SOURCE: 51 FR 43154, Nov. 28, 1986, unless otherwise noted.

Subpart A—Power Marketing

§ 904.1 Purpose.

(a) The Secretary of Energy, acting by and through the Administrator of the Western Area Power Administration (Administrator), is authorized and directed to promulgate charges for the sale of power generated at the Boulder Canyon Project powerplant, and also to promulgate such general regulations as the Secretary finds necessary and appropriate in accordance with the power marketing authorities in the Reclamation Act of 1902 (32 Stat. 388) and all acts amendatory thereof and supplementary thereto, and the Department of Energy Organization Act (42 U.S.C. 7101 *et seq.*).

(b) In accordance with the Boulder Canyon Project Act of 1928 (43 U.S.C. 617 *et seq.*), as amended and supplemented (Project Act); the Boulder Canyon Project Adjustment Act of 1940 (43

APPENDIX E

DERIVATION OF 10 PERCENT LIMIT OF AUXILIARY LOAD LIMIT FOR PENETRATION OF INTERMITTENT RESOURCES WITHOUT DEGRADATION OF CPS1/CPS2

To arrive at the 10 percent limit, WACM gathered 3 months of 1-minute data (September 2004, December 2004, and March 2005) from four existing wind farms within its boundaries; Medicine Bow, Kimball, Ponnequin, and Peetz Table. The total nameplate capacity of these wind farms is 77 MW.

With that data, Western performed a study that replaced a set amount of dispatchable generation within the Balancing Authority with an equal amount of intermittent generation. Using differing load factors (25, 30, 33, 37, and 45 percent, respectively) for the scaled up intermittent resources, the Balancing Authority's ACE was analyzed for violation of CPS1 and CPS2.

While no problems were found with CPS1, when CPS2 measurement fell below 90 percent compliance factor, the intermittent resource was reduced and the iterative analysis processes continued for all the load factors mentioned above. A limiting level of 180 MW was reached at 25 percent load factor, using March 2005 data. The average Balancing Authority load of 2,500 MW with 700 MW of Federal load, results in an auxiliary load calculation of 1,800 MW; hence, the 10 percent allowable intermittent resource penetration level.

RMR will review this limit on an annual basis each September. If there are changes to the limit, RMR will notify the customers taking Regulation Service from WACM.

APPENDIX F

REGULATION CHARGE CALCULATION FOR INTERMITTENT GENERATORS IN EXCESS OF 10 PERCENT OF AUXILIARY LOAD

Following is the detail for hourly calculations for the first component of the Load-Based Assessment with Intermittent Resource(s) in the Generation Portfolio, **Regulation Charge:**

1. Calculate the Balancing Authority's hourly average minute-to-minute change.

2. Calculate the Balancing Authority's hourly average minute-to-minute change, less the aggregated intermittent resources.

3. Calculate the delta of the average hourly minute-to-minute changes due to the intermittent resources (No. 1 – No. 2, above).

4. Calculate Regulating units' hourly generation change.

5. Calculate each individual intermittent resource's hourly average minute-to-minute change.

6. Calculate pro-rata share of Regulation Use by the aggregated intermittent resources (No. 4, above, multiplied by the aggregate intermittent resources' hourly average minute-to-minute change / Balancing Authority's hourly average minute-to-minute change).

7. Allocate the aggregated Regulation Use to the Intermittent Resources/Owners (Result of No. 6 above, prorated to each intermittent resource, based on their individual hourly average minute-to-minute changes).

8. The resulting MWs (individual unit's consumption) will be applied against Western's pass-through cost for Regulation beyond the 10 percent limit.

APPENDIX F (continued)

REGULATION CHARGE CALCULATION FOR INTERMITTENT GENERATORS IN EXCESS OF 10 PERCENT OF AUXILIARY LOAD

Example of Regulation Charge

Example Data (numbers correspond to steps above):

1. Balancing Authority's average hourly minute-to-minute change:
   10 MWs

2. Balancing Authority's average hourly minute-to-minute change, less intermittent resources:
   9 MWs

3. (No. 1 – No. 2, above) (10 MWs – 9 MWs) = 1 MW

4. Regulating units' total hourly generation change is 50 MWs

5. Each intermittent resource's individual minute-to-minute change:
   Resource A = 0.3 MW Resource B = 0.7 MW

6. Allocate the hourly generation change to the intermittent resources:
   50 MWs * (1 MW / 10 MWs) = 5 MWs

7. Resource A: 5 MWs * [0.3 / (0.7 + 0.3)] = 1.5 MWs
   Resource B: 5 MWs * [0.7 / (0.7 + 0.3)] = 3.5 MWs

8. Pass-through cost for Regulation Service will be applied to MWs calculated in No. 7, above.

   If the charge was $0.58/MWh:
   the cost to Resource A would be 1.5 MWs x $0.58 = $0.87
   the cost to Resource B would be 3.5 MWs x $0.58 = $2.03

APPENDIX G

REGULATING RESERVE CHARGE CALCULATION FOR INTERMITTENT RESOURCES IN EXCESS OF 10 PERCENT OF AUXILIARY LOAD

Following is the detail for the hourly calculations for the second component of the Load-Based Assessment with Intermittent Resource(s) in the Generation Portfolio, **Regulating Reserve Charge**:

1. Find the aggregated intermittent resources' forecasts for the hour and measure it against their integrated, collective output. The result will be the total Regulating Reserve capacity consumed by the intermittent generators.

2. Find each individual intermittent resource's regulating reserve usage by subtracting the individual intermittent resource's hourly forecast from the intermittent resource's actual output for that hour.

3. Allocate the Regulating Reserve calculated in Number 2, above, among the individual intermittent resources on a pro-rata basis, using the ratio of each intermittent resource's Regulating Reserve capacity use, over the sum of all intermittent resources' Regulating Reserve capacity use.

4. The resulting MW Regulating Reserve capacity value for each intermittent resource will be assessed a pass-through capacity cost.

APPENDIX G (continued)

REGULATING RESERVE CHARGE
CALCULATION FOR INTERMITTENT RESOURCES IN EXCESS OF 10 PERCENT OF AUXILIARY LOAD

Example of Regulating Reserve Charge

Example Data (numbers correspond to steps above):

1. To calculate aggregated hourly Regulating Reserve consumed by intermittent resources:

Resource A's forecast was	1 MW	
Resource B's forecast was	15 MW	
Resource C's forecast was	1 MW	Total 17 MW
Resource A's actual output was	3 MW	
Resource B's actual output was	10 MW	
Resource C's actual output was	7 MW	Total 20 MW

   Total Forecast 17 MWs vs. Total Output 20 MWs = 3 MW Regulating Reserve required

2. Find each individual intermittent resource's Regulating Reserve:

Resource A =	2 MW	
Resource B =	5 MW	
Resource C =	6 MW	Total 13 MW

3. Allocate the 3 MW of Regulating Reserve required to the individual resources:

Resource A = 3 MW * (2 / 13) =	0.5 MW	
Resource B = 3 MW * (5 / 13) =	1.2 MW	
Resource C = 3 MW * (6 / 13) =	1.3 MW	Total 3 MW

4. The cost would then be derived using pass-through cost for Regulating Reserves; e.g., $10/MWh:

Resource A = 0.5 MW * $10 =	$5.00
Resource B = 1.2 MW * $10 =	$12.00
Resource C = 1.3 MW * $10 =	$13.00

APPENDIX H

SUB-BALANCING AUTHORITY ERROR CRITERIA AND MEASUREMENT FOR SELF-PROVISION OF REGULATION SERVICE

Following is the detail of hourly calculations for the measurement of self-provision of Regulation Service by an entity.

Once an entity has met the criteria to be a Sub-Balancing Authority as described in Section II. D. of this brochure, the SBAE signal must be calculated as follows:

Error = Actual Net Interchange (A_{NI}) – Scheduled Net Interchange (S_{NI})

Western will measure the 1st derivative of change between each subsequent minute and will calculate the Regulation Service use on an hourly basis.

The following methodology will be used to calculate the consumed Regulation Service by the Sub-Balancing Authority, measuring at 4-second intervals, and integrating those results over a minute.

For any hour that the entity fails to meet the minute's SBAEC, Regulation Service will be considered to have been taken, based on the magnitude of the excursion, as follows:

- For any minute in the hour, if the 1st derivative is less or equal to 0.5% of Sub-Balancing Authority's average hourly load, self-Regulation Service is deemed to have been fully provided and there will be no charge to the Sub-Balancing Authority.

- For any minute in the hour, if the 1st derivative is greater than 1.5% of Sub-Balancing Authority's average hourly load, full Regulation Service is deemed to have been provided by the Balancing Authority.

- For any minute in the hour, if the 1st derivative is between 0.5% and 1.5% Sub-Balancing Authority's average hourly load, then partial Regulation Service usage is deemed per the following formula:

  Y = (X/0.01L) – 0.5
  Y = Per Unit Regulation Service Use
  X = Minute Variation of ACE
  L = Sub-Balancing Authority Load

Where Y is Per Unit Regulation Service Use, X is 1st derivative, and L is Sub-Balancing Authority's average hourly load.

(The above formula will exclude hours with Rocky Mountain Reserve Sharing Group (RMRG) contingencies or RMRG responses--See Figure A.)

The actual charges to the Sub-Balancing Authority failing self-provision will be based on the hourly average of each minute's result, as calculated above. The monthly Regulation Service charge will be the summation of charges for all the hours in that month.

APPENDIX H. (continued)

SELF-PROVISION OF REGULATION SERVICE MEASUREMENT

Figure A. Non-Linear Sub-Balancing Authority Regulation Service Calculation

Regulation Service Criteria:

- If X =< 0.5% L, then, Y = 0 Regulation deemed to be self-supplied
- If X=> 1.5% L, then, Y = 1 Regulation deemed to Provided by the CA

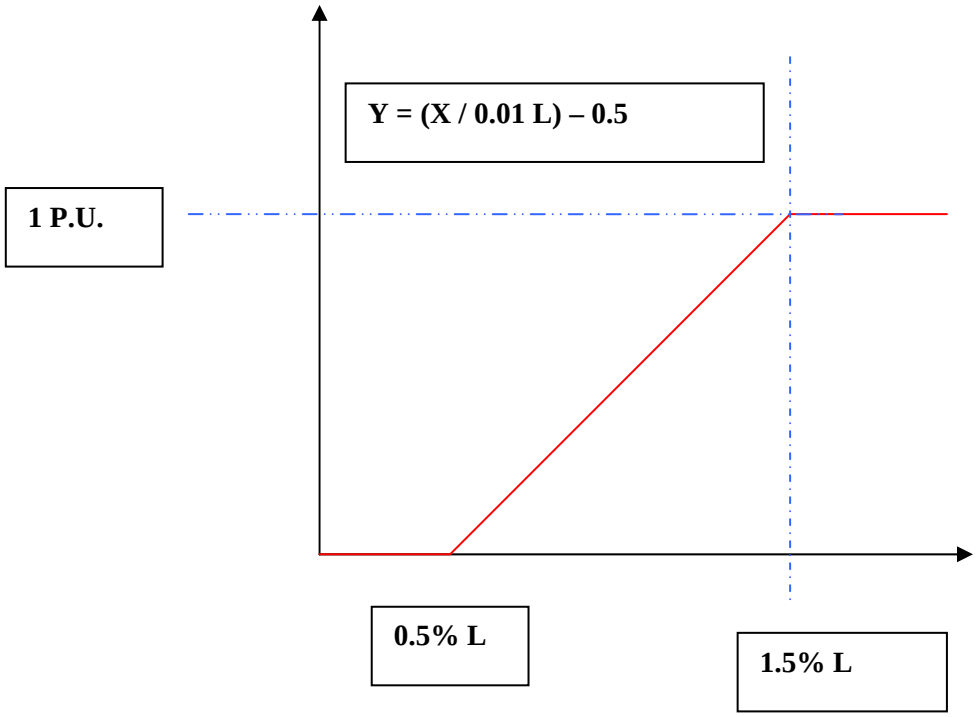
- If 0.5% L < X < 1.5% L, then,

$$Y = (X/0.01\ L) - 0.5$$

X = 1st Derivative of 1-minute Average ACE
L = Sub-Balancing Authority Load (Hourly Average)
Y = Per Unit Regulation Service Use

Charge Calculation:

- Calculate Hourly Per Unit Use (average of 60 one-minute per unit use)
- Calculate Hourly Regulation Charge (Hourly Regulation Rate * Hourly Per Unit Use)
- Calculate the Monthly Charge by ∑ No. of Hourly Charges

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