



**November 19, 2009**  
**Ancillary Service Rate Design Overview**  
**10:00 AM - 12:00 PM**  
**Telephonic Meeting**

## Agenda

1. Welcome
  - Introductions and Agenda
2. OATT FERC 890 Rate Schedules Under Review
3. Close Out Items from Oct 29, 2009 Meeting
  - Energy Imbalance
    - Actual Cost File Review
    - Confirm if LMP is Appropriate
    - Should Western use only the Energy Component of the LMP
    - Display of Price Used on Bill
  - Breakout of BOR O&M as seen on FY10 PRR
4. Open Microphone - Hear customer concerns, comments, and input for future meetings
5. Conclusion & Next Meeting
  - Please send any follow-up question or request to Charles Faust at: [faust@wapa.gov](mailto:faust@wapa.gov) or (916) 353-4468. Thank you.

Rates Web Link: <http://www.wapa.gov/sn/marketing/rates>

### OATT FERC 890 Rate Schedules Under Review

- Charles Faust, Rates Manager, introduced four rates changes under FERC 890 and said all except conditional firm will be incorporated into current rate process because:
  - Methodology changes to existing energy imbalance service: SNR will review current rate schedule to see if consistent with FERC 890 and incorporate findings for discussion with customers in current rates process.
    - Action required: Implement changes, if any, by September 30, 2011.
  - New ancillary service, generator imbalance: Currently SNR has no generators that currently qualify therefore, will incorporate for discussion with customers in the current rates process.



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- Action required: Develop a rate schedule for implementation on October 1, 2011.
- New penalty for unreserved transmission use: SNR will incorporate for discussion with customers in current rates process.
  - Ed Roman, SMUD, asked this will be addressed in Northwest Power Pool (NWPP). Pete Garris, Operations Manager responded that unless something changes, NWPP is outside of the scope of unreserved transmission use.
  - Action required: Develop a rate schedule for implementation on October 1, 2011.
- New transmission service conditional firm service: Effective 12/1/2009 under current firm-point-to-point rate with reservation. SNR does not plan to file or amend rate because service will be offered by operations under a business practice posted on OASIS.
  - Completed: Offered under operations business practice.

### Close Out Items from October 29, 2009 Meeting

- Actual Cost File (Energy Imbalance), Padmini Palwe, Public Utilities Specialist
  - Reviewed how Western calculates actual cost, and explained where and how actual cost is used.
    - Tom Kabat inquired if actual cost should vary with on and off peak prices. While we keep our dollars in the numerator relatively constant, our denominator varies every hour based on actual generation data. SNR responded that actual cost is applied only about 5% of the time and current process appears to ensure cost recovery, but we will continue to look at ways to improve.
    - Tom Kabat also suggested that if leaning on SNR's system is problematic, that SNR consider raising market penalty factor, which is currently set at 50%.
    - Another suggestion made was to perhaps keep the Hourly Revenue Requirement component of the numerator (which is derived from the Generation Revenue Requirement – G&T Model) in the actual cost calculation formula a straight average, instead of the current 25% - 75% split of the Generation Revenue Requirement.
  - SNR confirmed that LMP charge, including energy, losses and congestion is appropriate to charge because that is what CAISO charges Western.
  - SNR also confirmed that customer's receive detailed billing support documentation which identifies the price used to charge for energy imbalance; namely 150% of the market price or actual cost.
    - There are no other outstanding issues related to energy imbalance, and the actual cost file. Please note that the EI rate schedule will be further reviewed as noted above.



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- Reclamation's operation and maintenance (O&M) cost in FY 2010 Power Revenue Requirement was discussed by Steve Richardson, Public Utility Specialist.
  - SNR presented a list of FY 2010 O&M projects being funded by Reclamation's American Reinvestment and Recovery Act (ARRA) funding.
  - There is a joint Reclamation-Western meeting scheduled on December 15, 2009, to review power cost recovery.
    - Completed.

Open Microphone to hear customers concerns, comments or input for future meetings.

- None expressed.
- A customer asked about the cost of the Red Bluff diversion dam project. Western indicated that this is a joint Reclamation-Western meeting scheduled on December 15, 2009, and that this issue would be better discussed at that meeting.

Next Meeting: January, 28, 2009 at 10:00 a.m. at SNR's Office.

## Questions/Comments

- Red Bluff P.P/Fish screen Project: How much allocated to power?
  - 37.5 % is reimbursable (under CVPIA). Power pick up "ability to pay" amount (could be up to 80%)

## Attendees

Name	Company
<b>Attended Via Phone</b>	
Paul Landry	Bureau of Reclamation
Ken Sims	City of Santa Clara
Jerry Toenyes	Northern California Power Agency
Chris Cioni	UC Davis
Lowell Watros	City of Redding
Jim Farrar	TID
Ed Roman	Sacramento Municipal Utility District
Barry Mortimeyer	Bureau of Reclamation
Lynn Richardson	Western Consultant
Tom Kabat	City of Palo Alto
Brent Hekman	TID
James Takehara	City of Roseville
Sonja Anderson	Western Area Power Administration
Regina Rieger	Western Area Power Administration
Padmini Palwe	Western Area Power Administration



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Phil Sanchez	Western Area Power Administration
Charles Faust	Western Area Power Administration
Pete Garris	Western Area Power Administration
Russell Knight	Western Area Power Administration
Steve Richardson	Western Area Power Administration
Carl Dobbs	Western Area Power Administration
Deb Dietz	Western Area Power Administration
Nicole Hines	Western Area Power Administration