Kevin R. Cini
Vice President
Energy Supply & Management

September 1, 2011

Mr. Darrick Moe
Desert Southwest Regional Manager
Western Area Power Administration
United States Department of Energy
P.O. Box 6457
Phoenix, AZ 85005-6457

Re: Application of the Energy Planning and Management Program Power Marketing Initiative to the Boulder Canyon Project - [76 CFR 23583-6]

Dear Mr. Moe:

Southern California Edison Company ("SCE") respectfully submits its comments on the Post-2017 remarketing effort for the Boulder Canyon Project ("BCP") initiated by the Western Area Power Administration ("Western"), as most recently set forth in the April 27, 2011 Federal Register Notice. SCE provides power to more than 13 million people in about 50,000 square miles of service area. The energy SCE provides to our customers includes more renewable resources than nearly any other utility in the world.

SCE is one of the original off-takers for Hoover power, and has been involved with Hoover Dam since before construction of the project began. In addition to using energy from Hoover to serve millions of customers, SCE relies on capacity from Hoover Dam to support SCE's integration of intermittent renewable power, because Hoover Dam is an excellent source of load-following capacity for wind and solar resources. This load-following capability will continue to be a critical component of integrating the thousands of MW of new renewable intermittent generation being interconnected to SCE's transmission and distribution lines.

While SCE has raised some new issues in these comments, the majority of SCE's comments address concerns that SCE identified in the comments SCE filed in January 2010.

<u>Comments regarding Western's Decisions to Apply PMI and Provide 30 Year Contracts</u>

SCE believes that Congress should allocate post-2017 BCP power, as Congress has done each time allocation has been necessary since the construction of Hoover Dam. We strongly support the legislation that has been introduced in the U.S. Congress to accomplish this goal (the "Hoover Power Allocation Act of 2011", H.R. 470/S. 519). The legislation is comprehensive and addresses many of the same allocation issues that Western would be required to determine in its PMI process. SCE therefore respectfully requests that Western hold this proceeding in

2244 Walnut Grove Ave.
Rosemead, CA 91770
626-302-3241
Kevin.Cini@sce.com

abeyance pending Congress' consideration of the legislation, principally because any final bill passed by Congress may mandate different requirements for Western's PMI process.

SCE is pleased that Western recognizes that current holders of Hoover contracts are entitled to a renewal of those contracts. SCE requests that Western expressly clarify that its decision to apply PMI to the existing contractors includes the decision to extend to each existing contractor allocations of contingent capacity and firm energy similar to those received under current contracts.

In the event that legislation is not passed and PMI is used to allocate power to existing contractors, SCE asks that Western reconsider its decision for 30-year term contracts and agree to new contracts with a 50-year term commencing on October 1, 2017. We believe that the 50-year term is justified by the current Contractors' past, present and future funding of Hoover Dam. Also, we believe that the 50-year term is appropriate in view of the current 50-year term during which Hoover Contractors will contribute funding to the Multi-Species Conservation Program ("MSCP").

Comments on Current PMI Proposals

SCE welcomes Western's decision to include in its proposal provisions that are consistent with those in H.R.470/S.519, such as the amount of annual firm energy from the BCP. In general, consistency with the pending legislation will minimize any changes that will need to be made when the legislation passes. As such, there are a few areas of the PMI that SCE believes should be changed and a few provisions that Western should clarify.

First, SCE agrees with Western's current proposal to market 4,527,001 MWh of annual firm energy from the BCP. With respect to Western's proposed allocation of capacity and firm energy to existing customers, SCE agrees that each existing customer should receive at least 100% of its current allocation of contingent capacity, and 95% of the proposed marketable firm energy, totaling 4,300,651 MWh annually, based on the pro rata portion of its existing allocation of firm energy. In addition, SCE recommends that Western include in its proposals and decisions references to all the BCP Contractors included in Schedules A, B and C of the existing statute.

Second, it is critical that Western state specifically that Contractors will be permitted to bid Hoover power, including ancillary services, with an Independent System Operator, including the California Independent System Operator ("CAISO") or similar entity. As you know, many energy marketplaces have changed significantly since the parties entered into their existing contracts for BCP power. In California, for example, utilities and other market participants are required to comply with CAISO operating orders, including any CAISO order to schedule BCP power. As a load serving entity, SCE is a net buyer of power in this market. The CAISO market design requires SCE to sell all the power it has acquired, including power from BCP, into the market, and to buy all the power SCE needs to serve its retail load from the market. There is no direct scheduling of power from supply to load in the CAISO's market design. This market design is now common throughout the country. Western should therefore modify its PMI process to

specifically recognize that certain Contractors must sell power into, and buy power from, an ISO; this requirement should not be prohibited under the new contracts.

Third, Western should clarify that its decision to apply PMI includes the decision (rather than the intent) to continue to provide the ancillary services that Contractors currently receive, and should confirm expressly that Contractors will obtain the same ancillary services - the so-called "Three Rs" - ramping, regulation and reserves - that they presently obtain under Section 5.6.2 of existing contracts.

Fourth, SCE requests that any new entity given the opportunity to contract for BCP power in the future be required: (i) to join the current Contractors in paying for the MSCP, by including in its contract a commitment to pay a proportionate share of MSCP costs, as allocated in accordance with each state's requirements; and (ii) to participate in the BCP Implementation Agreement by including in its contract a commitment to sign the BCP Implementation Agreement.

Fifth, with respect to Western's proposal to market 2,044 megawatts (MW) of contingent capacity, we recommend that Western market Hoover's maximum dependable operating capacity of 2,074 MW, and market it to the new and existing Contractors who pay for the operations, maintenance, repair and replacement of the dam and generating facilities.

Regarding the 30 MW difference between the full contingent capacity and Western's proposed 2,044 MW, if Western does decide to allocate this capacity to itself for project integration and reliability purposes, SCE respectfully requests that Western provide information on how it will pay for its 30 MW allocation, or at least provide information on when Western will determine how it will pay for its 30 MW.

Finally, SCE requests that Western state when it will clarify: (i) how increases in generating capacity at Hoover Dam during the term of the next contracts will be allocated; and (ii) how any resource pool contingent capacity and firm energy that is not allocated and placed under contract by October 1, 2017 will be treated by Western.

SCE appreciates this opportunity to provide comments on Western's post-2017 remarketing initiative, and reserves the right to submit further comments and otherwise participate in this proceeding.

Sincerely,

Kevin R. Cini