

# PROPOSED 2025 SLCA/IP GENERAL POWER MARKETING PLAN/CRITERIA

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# Introductions

- Lynn Jeka: Senior Vice President and CRSP Manager
- Rodney Bailey: Vice President of Power Marketing
- Brian Sadler: Administrative Officer
- Brent Osiek: Contracts and Energy Services Manager
- Lyle Johnson: Public Utilities Specialist – Contracts
- Steve Mullen: Public Utilities Specialist – Contracts
- Parker Wicks: Public Utilities Specialist – Contracts

# Overview

- Marketing Plan History
  - 1962
  - 1978
  - Post-1989
    - Grand Canyon Protection Act
    - Energy Planning and Management Program (EPAMP)
  - Post-2004
- Proposed 2025 Marketing Plan
  - Review of what we have done
  - Proposed 2025 Marketing Plan
  - Where we are going
- Potential Future Impacts to Marketing Plan
- Questions

# 1962 Marketing Criteria/Plan

- Marketing Criteria announced March 9, 1962
  - First allocations announced April 27, 1963
  - First commercial CRSP generation November 11, 1963
- Established Northern and Southern Divisions
  - Northern Division: Colorado, New Mexico, Utah, and Wyoming
  - Southern Division: Arizona; that part of the state of Nevada in Clark, Lincoln, and Nye counties which comprise the southern portion of the state; and that part of the state of California east of the 115<sup>th</sup> degree of longitude or generally the area contiguous to the Colorado River
- Established Summer and Winter seasons

# 1978 Marketing Criteria/Plan

- Allocated additional capacity to existing customers
  - Reservoirs getting full
  - Crystal projected to come on-line
- Further refined the marketing area
  - Northern Division: added Page, AZ, the area of Arizona served by NTUA, and White Pine County and portions of Elko and Eureka Counties in Nevada
  - Southern Division: no change
- Revised delivery conditions
- Added additional points of delivery

# Post-1989 Marketing Criteria/Plan

- Revised the Marketing Area:
  - Northern Division: added areas of northeastern Arizona
  - Southern Division: removed California
- Created New Customer Pool of 100 MW
  - Limited New Customers to Northern Division
- Integration of Colbran and Rio Grande Projects; first marketing of SLCA/IP
- Added 400 GWh of Purchase Power

# Post-1989 Firm Electric Service Contract

- 15-year term – 1989-2004
- Optional Pass Through Purchase Power
  - 109 MW in Winter and 95 MW in Summer
  - 400,000 MWh/year
- Amendment No. 1 effective October 1, 1989
  - allowed Western to make revisions to the allocations due to NEPA evaluation of Marketing Criteria, per lawsuit by National Wildlife Foundation, et al

# Post-1989 Firm Electric Service Contract

- Amendment No. 2, executed in 1989
  - Terminated Amendment No. 1
  - Purchase Power Pass Through was removed
  - CROD and Seasonal Energy allocations were reduced to pre-October 1, 1989, levels
  - These interim allocations were in effect until the Power Marketing EIS and Record of Decision were signed

# Post-1989 Marketing Criteria/Plan

- Amendment No. 3 – executed in 1992
  - Interim flow restrictions at Glen Canyon Dam – contract provisions allowed customers to purchase replacement capacity and energy
- Amendment No. 4 – effective April 1, 1997
  - Allowed 1 year of Post-89 allocations. Monthly capacity allocations reduced due to operating constraints at Glen Canyon
  - April 1998 CDP/WRP began
- Amendment No. 5 – executed in 1999
  - Application of Power Marketing Initiative

# Changes in Glen Canyon Operations

- July 1989 – Secretary of the Interior directed the Bureau of Reclamation to prepare an environmental impact statement to reevaluate Glen Canyon Dam's operations
- November 1991 – Per the Secretary of the Interior, Reclamation implemented interim operating criteria
  - Reduced the maximum peak releases and daily fluctuations

# Grand Canyon Protection Act

- Congress enacted the GCPA in October 1992
  - Required the Secretary of the Interior to complete the EIS by October 30, 1994
  - Mandates that Glen Canyon Dam be operated in a manner that protects, mitigates adverse impacts to and improves the values for which Grand Canyon National Park was established

# Grand Canyon Protection Act

- March 1995 – Final EIS issued by Reclamation
  - Modified Low Fluctuating Flow Alternative selected as preferred alternative
    - Min. Release: 8,000 cfs, 7 a.m.-7 p.m., 5,000 at night
    - Maximum allowable release 25,000 cfs
    - Daily fluctuations (cfs/24hrs): 5,000, 6,000, or 8,000
    - Ramp rate: 4,000 cfs/hr Up, 1,500 cfs/hr Down
  - Slightly less restrictive than Interim

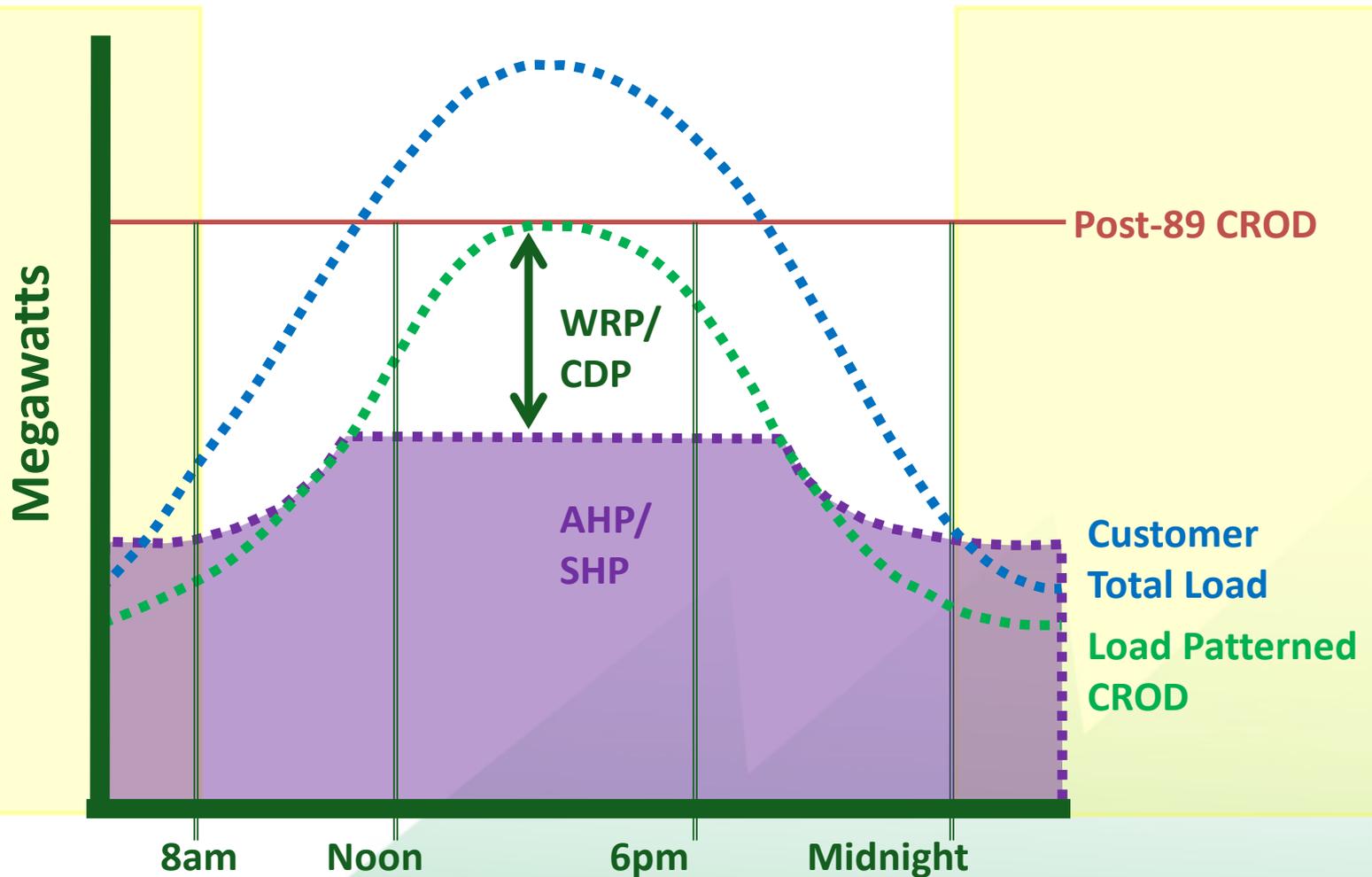
# Grand Canyon Protection Act

- October 1996 – Record of Decision
  - Implemented Modified Low Fluctuating Flow Alternative
  - Limited Glen Canyon Dam’s ability to provide peaking power/load following
    - Generating power when it may not be needed by customers
    - Have to purchase during times it is needed, sell when generating excess

# Grand Canyon Protection Act

- Section 1809 of Grand Canyon Protection Act
  - Directed Western and its customers to identify methods of replacing power generation made unavailable due to changes in long-range operating criteria of the hydroelectric generating facilities at Glen Canyon.
- Customers and Western developed capacity replacement options (WRP/CDP)

# Western Replacement Power/Customer Displacement Power (WRP/CDP)



# Energy Policy Act of 1992

- Congress Enacted October 1992
- Western adopted the Energy Planning and Management Program (EPAMP) in 1995
  - Set out IRP requirements
    - Require planning and efficient electric energy usage
  - Established framework for marketing long-term firm hydroelectric power under the Power Marketing Initiative
  - New customer power pool

# Post-2004 Marketing Criteria/Plan

- Applied the EPAMP Power Marketing Initiative
- Extended 93 percent of customers' pro rata share of SLCA/IP for 20 years (2004-2024)
- Created a 7-percent Power Pool for new customers
  - Except for Native American Tribes, limited to preference entities in the Northern Division
  - All 7 percent used to meet needs of Native American Tribes (targeted 65 percent of eligible loads)

# Post-2004 Marketable Resource

- Due to drought conditions, Western reduced energy allocations in 2004 for the 20-year contract period:
  - FY 2005: 4,557.5 GWh
  - FY 2006: 4,655.3 GWh
  - FY 2007: 4,753.1 GWh
  - FY 2008: 4,851.0 GWh
  - FY 2009-2024: 4,948.8 GWh

# Proposed 2025 Marketing Plan – What we have done

- Began process in fall of 2014
- Summer of 2015 – held customer meetings to get input
  - Phoenix
  - Lakewood
  - Albuquerque
  - Salt Lake City

# Proposed 2025 Marketing Plan – What we have done

- Using Feedback, developed Draft Proposed 2025 Marketing Plan
- Proposed 2025 Marketing Plan published in the *Federal Register* December 16, 2015

# Proposed 2025 Marketing Plan

- Listened to feedback
  - Tried to make as few changes as possible
    - Kept impact to current customers minimal
    - Marketing Area remains the same
    - Summer and Winter season remain
    - WRP and CDP continue

# Proposed 2025 Marketing Plan Cont.

- What Changes?
  - 40-year term
  - New customer power pool
    - Dependent on 2 percent additional Marketable Resource
      - Estimated Capacity needed: 28.98 MW
      - Estimated Energy needed: 98,976 MWh

# Proposed 2025 Marketing Plan Cont.

- New Customer Power Pool – Where will it come from?
  - Pool will be established from
    - Capacity
      - Reduction in Reserves
      - Generator Re-winds
    - Energy
      - Won't know for sure until the modeling is complete
        - » Anticipate modeling complete: April 2016
    - Not planning to make purchases for the pool

# Proposed 2025 Marketing Plan Cont.

- New Customer Power Pool - Eligibility
  - If modeling shows that 2 percent Marketable Resource is available, eligible applicants will need to meet the following criteria:
    - Eligible preference entities in Northern Division and Native American tribes in Northern and Southern Division
      - Why only preference entities in the North?
    - Eligible applicants (except Native American tribes) must have the facilities needed for the receipt of power or have made the necessary arrangements for transmission and/or distribution service

# Proposed 2025 Marketing Plan Cont.

- New Customer Power Pool – Eligibility Cont.
  - Eligible applicants must have necessary arrangements for transmission and/or distribution service in place at least 1 year in advance – by October 1, 2023
  - Eligible Native American applicant must be an Indian tribe as defined in the Indian Self Determination Act of 1975, U.S.C. 450b, as amended

# Proposed 2025 Marketing Plan Cont.

- New Customer Power Pool – Eligibility Cont.
  - In determining allocations, Western will give priority consideration in the following order:
    - i. Federally recognized Native American tribes
    - ii. Municipal corporations and political subdivisions including irrigation or other districts, municipalities, and other governmental organizations that have electric utility status by October 1, 2023. Electric cooperatives and public utilities, other than electric utilities, that are recognized as utilities by their applicable legal authorities, are nonprofit in nature, have electrical facilities, and are independently governed and financed
    - iii. Other eligible applicants

# Proposed 2025 Marketing Plan Cont.

- New Customer Power Pool – Eligibility Cont.
  - In determining allocations, Western will consider existing Federal power resource allocations of the applicants
    - Priority given to preference entities that currently do not receive benefit of Federal hydropower
  - Western will base allocations to eligible applicants on loads experienced in the most recent calendar year and will apply current marketing criteria to these loads

# Proposed 2025 Marketing Plan Cont.

- New Customer Power Pool – Eligibility Cont.
  - Minimum allocation will be 100 kW
  - Contractors must execute electric service contracts within 6 months of receiving contract offer from Western, unless Western agrees otherwise in writing
  - If unanticipated obstacles to delivery of electric service to a Native American tribe arise, Western retains the right to provide the economic benefit of the resource directly to the tribe

# Proposed 2025 Marketing Plan Cont.

- Contracts

- We anticipate that the actual contract will be very similar in content and form to existing contracts

- New contracts vs. extending contracts

- Consolidated and restated

# Proposed 2025 Marketing Plan – Where we are going

- Public Comment Forum
  - February 17, 2016
    - 11:00 a.m.-1:00 p.m., same place – Ramada Inn
- Public Comment Period Ends
  - April 14, 2016
  - Need to have comments submitted on or prior to this date
- Western will respond to comments received in the Final 2025 Marketing Plan, which will be published in the *Federal Register*

## Preliminary Timeline

Year

- |  |             |
|--|-------------|
| <input type="checkbox"/> FRN: Proposed Power Marketing Criteria (Published Dec. 16, 2015) <ul style="list-style-type: none"><li>▪ Review and comment period – open until Apr. 14, 2016</li></ul> | <b>2015</b> |
| <input type="checkbox"/> Public Information Forum (Jan. 14, 2016)  | <b>2016</b> |
| <input type="checkbox"/> Public Comment Forum (Feb. 17, 2016)  |             |
| <input type="checkbox"/> Public Comment Period Closes (Apr. 14, 2016)  |             |
| <input type="checkbox"/> PRELIMINARY Determination of Marketable Resource (Apr. 2016 - est.)   |             |
| <input type="checkbox"/> FRN: Final Power Marketing Criteria and Call for Applicant Profile Data (May 2016 - est.)   |             |
| <input type="checkbox"/> LTEMP EIS Record of Decision (Sep. 2016 - est.)   |             |
| <input type="checkbox"/> FINAL Determination of Marketable Resource (Oct. 2016 - est.)   |             |
| <hr/>  |             |
| <input type="checkbox"/> Applicant Profile Data due (Apr. 2017 - est.), if necessary.  | <b>2017</b> |
| <input type="checkbox"/> Initial allocations based on existing resource, sets percentage of resource for each customer (Jul. 2017 - est.)  |             |
| <input type="checkbox"/> FRN: Proposed Allocations (Oct. 2017 - est.) <ul style="list-style-type: none"><li>▪ Review and Comment period - 120 days</li></ul>                                     |             |
| <input type="checkbox"/> Information Forum (Nov. 2017 - est.)  |             |
| <input type="checkbox"/> Comment Forum (Dec. 2017 - est.)  |             |
| <input type="checkbox"/> Public Comment Period Closes (Jan. 29, 2018 - est.)   | <b>2018</b> |
| <input type="checkbox"/> FRN: Final Allocations (Mar. 2018 - est.)   |             |
| <input type="checkbox"/> Draft Firm Electric Service Contract to customers (Jun. 2018 - est.)  |             |
| <input type="checkbox"/> Firm Electric Service Contracts offered to customers (Jun. 2019 - est.)   | <b>2019</b> |

# Potential Future Impacts to Marketing Plan

- Long-Term Experimental and Management Plan (LTEMP) Environmental Impact Statement (EIS) – marketable capacity
- Drought – marketable energy
- Integrated Markets – change the operational environment
- Clean Power Plan – change the operational environment
- Unforeseen Items/Regulatory Impacts

# Points of Contact

- Please send any correspondence to:  
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# Questions?

