

Final Marketing Criteria

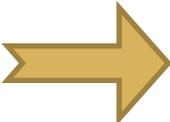
- The Hoover Power Allocation Act of 2011 (HPAA) tasked Western to market portions of a newly established Schedule D. Marketing criteria is needed for Western to determine new allottees under Schedule D.
- Western conducted a series of informal meetings regarding the implementation of the HPAA with existing contractors, Native American tribes, and other interested parties.
- Subsequent to informal outreach, Western announced proposed marketing criteria in the Federal Register in October 2012. Public information and comment forums were conducted shortly thereafter.
- The comment period closed in January 2013.
- Many diverse comments were received from over 50 interested parties.

Final Marketing Criteria

- The majority of comments received focused on three areas:
 - Western's authority to prescribe criteria and the nature of the criteria established.
 - The priority to be applied, in particular a first consideration to Native American tribes.
 - Minimum allocation provisions.

- **Western's Authority:**
 - The HPAAs authorize Western to allocate Schedule D to new allottees that are either eligible under Section 5 of the Boulder Canyon Project Act (Project Act) or Native American tribes. No further guidance on allocations was established.
 - Section 5 of the Project Act authorizes contracts with States, municipal corporations, political subdivisions, and private corporations under regulations prescribed by the Secretary in order to meet the public interest.
 - Western's final marketing criteria seek to market Schedule D in the public through most widespread use to a diverse customer base. Consistent with all applicable laws and regulations.

Final Marketing Criteria

- Priority to be applied:
 - Priority elements and limiting factors:
 - First consideration to Native American tribes up to 25% of the tribe's peak demand for all Federal allocations
 - Equal treatment for all other Section 5 applicants including rural electric cooperatives and municipal utilities other than electric utilities
 - Maximum 3 MW of Schedule D
 - Supporting rationale:
 - Seeks to establish meaningful tribal allocations and provides first consideration for tribes
 - Consistent with provisions of the Energy Policy Act of 2005, the Department's tribal policies, and Western's historical efforts
 - Preserves a reasonable portion of Schedule D power for new entities eligible under Section 5
 - Promotes widespread use to diverse base of customers
 - First Consideration Example:
 - Tribal Applicant Peak Load of 10 MW
 - Existing Federal Allocation 1 MW
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- $10\text{MW} \times 25\% = 2.5\text{MW}$ (FES target)
 $2.5\text{MW} - 1.0\text{MW} = 1.5\text{MW}$ (BCP Allo)

Final Marketing Criteria

- Minimum allocation provisions:
 - 100 kW minimum allocation
 - Responds to comments received, retains flexibility for very small applicants, and minimizes the need for aggregation of applicants
 - Retains a minimal threshold to warrant resource value
 - Consistent with other Western allocation efforts (LAP, UGP, SNR)
 - Operational protocols established within contracting process to minimize rounding and other scheduling issues associated with delivery of small allocations

Final Marketing Criteria Summary

- Allocations to be made to new allottees not currently receiving an allocation of BCP, either from Western, APA, or CRC.
- Other than Native American tribes, applicants must be ready, willing and able to receive and distribute (or use) the power from Western by October 1, 2016.
- Native American tribes will receive a first consideration of up to 25% of their peak load when considering all Federal hydropower allocations.
- Western will consider the amount of applicant's load already served by Federal hydropower.
- Remaining Schedule D to be allocated to non-profit applicants eligible under Section 5 in proportion to their peak load.
- Applicants must choose and supply one of the last three calendar years of load information including 2011, 2012 or 2013.
- Minimum allocation of 100 kW.
- Maximum allocation of 3,000 kW.

Tribal Concerns

- Tribal comments focused on:
 - Deploy a tribal preference
 - Eliminate or reduce the minimum allocation threshold
 - Retain flexibility for tribes to access power

- Related criteria:
 - Western has established a first consideration for tribes as previously described. Western finds that a 25% first consideration will position the tribal community to achieve allocations that are significantly larger than the average Federal allocation across the marketing pool.
 - The proposed 1,000 kW was reduced significantly to 100 kW in response to comments that align with tribal concerns. While Western anticipates the need for additional operational protocols to manage allocations under 1,000 kW, this criterion provides allocation flexibility while maintaining a minimum threshold of allocation value.
 - Western's criteria seek to maintain flexibility for tribes such as low minimum allocations, exceptions for tribes regarding ready, willing, and able provisions, and load collection methods.

Remarketing Milestone Goals

Winter 2013.....Finalize Marketing Criteria &
Call for Applications

March 31, 2014.....Applications Due

Summer 2014.....Propose Allocations

Fall 2014.....Finalize Allocations

Winter 2015.....Finalize All Contracts

***Western is prepared to provide technical assistance
throughout the application process**



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For more information on BCP Post2017 activities, including all notices, presentations, and comments, see Western's website at:

http://www.wapa.gov/dsw/pwrmtkt/BCP_Remarketing/BCP_Remarketing.htm