

## Western 2024 Marketing Plan Informal Review Process

### SMUD's Comments

6/1/15

SMUD thanks Western for the opportunity to provide comments during this informal process prior to Western initiating a formal process to adopt a 2024 Marketing Plan. In general, SMUD is pleased with how Western has conducted business under the 2004 Marketing Plan, and supports Western establishing a 2024 Marketing Plan that does not deviate significantly from the 2004 Marketing Plan.

SMUD would like to provide the following, specific comments:

#### ***Term of New Contracts***

SMUD supports Western moving to new power contracts that have a 30-year term, instead of the 20-year terms of the current contracts.

#### ***Custom Products***

SMUD supports Western continuing to offer custom products. Western's process for establishing custom products involves appropriate customer input, and insures that Western's other customers may even benefit indirectly from the offering of custom products.

#### ***Determining First Preference Customer Shares***

Over time, it appears that less and less of the CVP system water is available for generation, which has impacted (reduced) Base Resource availability, and which also would impact (reduce) Western's obligation to First Preference Customers. SMUD would like to suggest that it would be more accurate to model the expected relevant project output for the purposes of determining preference customer shares using a long record of hydro conditions, but modeling current operational capabilities and constraints on generation. The current effort by customers and Western to update Greenbook CVP production estimates could be used to update expected project-specific estimates feeding into First Preference Customer obligations.

Should Western determine that this approach is too complex an undertaking, then using the most recent 20 years of actual relevant project output would be more reflective of recently imposed operating constraints than would using a longer record of actual generation.

#### ***Allocations to Create 2024 and 2040 Resource Pools***

SMUD believes that Western's approach to broadening CVP Base Resource availability to more qualifying preference customers is balanced appropriately between the interests of existing Base Resource and potential new customers. (Existing customers have been paying off the CVP system for years.) The proposed 2% in 2024 and 1% in 2040 are sufficient to broaden the preference customer base without overly penalizing existing Base Resource customers.

## **SMUD's Comments/Western 2024 Marketing Plan**

### ***Reference to Transformation Losses***

In the published 2004 Marketing Plan, the definition of *Base Resource* references “transformation losses” in the list of energy obligations subtracted from CVP generation prior to ending up with available energy for Base Resource. SMUD suggests that the phrase “system losses” may be more appropriate, and would include energy such as transmission losses, as well as transformation losses.