

# Comments and Responses to SNR's 1<sup>st</sup> Informal Stakeholder Meeting for the 2025 Power Marketing Program

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## *Program Process*

Appreciate Western beginning to develop the Program now.  
*Thank you for your support.*

## *Marketing Area*

Support continued service within the current marketing area.  
*Thank you for your support.*

## *Base Resource*

Suggest changing the term "transformation losses" to "system losses".  
*Western agrees to change the term "transformation losses" to "system losses".*

Western should commit to providing an updated assessment of monthly long-term generation given existing and future policy issues, operational constraints and various hydrological scenarios. A clear process for how and when Western will complete such projections should be addressed in the plan.

*Western believes this comment can be addressed outside the marketing plan. Western holds regular customer (Customer Coordination Committee) meetings to discuss operational issues. Western has always involved customers in these decisions, and intends to continue to seek customer input in these decisions. Additionally, Western is currently working on updating the Green Book.*

The Base Resource should be a bundled product, which may include energy, capacity, environmental and/or renewable energy attributes, resource adequacy, ancillary services and transmission-related services. The Base Resource product should be modified to include specific product attributes as defined by the appropriate regulatory body.

*The Base Resource includes energy, capacity, ancillary services, Central Valley Project transmission, and the associated environmental attributes. Resource Adequacy cannot be included because Reclamation cannot give over operational control of its generators. Due to the variable nature of the Base Resource, Western cannot guarantee capacity in any hour. Western is agreeable to including the environmental attributes, i.e., renewable energy credits, in the Base Resource definition.*

Central Valley Project (CVP) power can help California meet its sustainability goals as more intermittent resources are added to the grid. Western should explore opportunities to enhance the value of Base Resource as part of the 2025 Power Marketing Plan, including evaluating the proposed adjustments to CVP power before Base Resource so that the value is maximized for all customers.

*The current adjustments are legislated and/or reliability requirements. Western desires to continue working with the customers on a collaborative basis to determine the best use of the Base Resource.*

With the expectation of increased solar photovoltaic penetration post 2025, Western should consider increasing the CVP capacity reserved for regulation as opposed to capacity for Base

Resource energy deliveries. Looking forward, the CVP system will be strategically positioned as a load following/balancing resource for the Customers. Would like discussions on ways to transition the CVP system from a mostly energy product to a more balanced energy & capacity resource.

*Western is willing to consider reserving more regulation to assist customers with renewable portfolios. We need to ensure increasing the reserved regulation is mutually beneficial for all customers. We look forward to further dialogue on this matter.*

## Operational Constraints

Continue to provide maximum flexibility in the scheduling of the Base Resource, and continue to work with Reclamation to maintain flexibility.

*Thank you for your comment.*

Support the current Base Resource product but seeking a definition and possible limitation of potential operating constraints.

*Reclamation, based on legislation and other regulations, operates the CVP. Although Western does not have control over the operations of the CVP, Western seeks input and involves customers through the Customer Coordination Committee in making recommendations to Reclamation.*

### *Similar Comments:*

Suggest Western explore new methods to provide additional operational flexibility; i.e., intra-day and intra-hour schedule change options, increasing regulation reserve capability, and refining the Base Resource forecasting. The ability to use the Base Resource as an operational asset will be important.

The Base Resource product would have increased value if day-ahead scheduled energy could be changed during the real-time environment to assist in either load following or integration of variable energy resources. Inherently, hydrogeneration should be the most flexible resource in the dispatch order due to (a) the ability to store water in the reservoirs for use at optimal periods (i.e. energy storage) and (b) the real-time ramping capability of hydroelectric generators. While taking into consideration the constraints associated with operating the hydro system, Base Resource energy should be more flexible to remain competitive and valuable in future resource portfolios.

In the post 2025 timeframe, would like to see the Base Resource request process include more optionality and flexibility. For example, extended timeframes for Base Resource requests with delivery flexibility incorporated into the process. This might include a 3 to 7-day Base Resource request process with a must take provision on total energy over the timeframe and minimum/maximum capacity limitations. A longer timeframe for the Base Resource request would allow customers greater flexibility in determining which days the Base Resource will best fit their needs for the upcoming week. This in turn will allow more efficient dispatch for other resources in the customer's portfolio (i.e. solar, natural gas generation, etc.). As discussed in the Intra-Day/Intra-Hour Schedule Change Optionality comments, the ability to modify the Base Resource request to more closely reflect system needs in real time would be beneficial. This is especially true for the Sunday-Monday Base Resource request that is sent to Western on Thursday around noon for Friday morning scheduling. The time span between Thursday afternoon and Monday typically results in changes for both load forecasts and resource dispatch.

*Western believes these comments are outside the marketing plan; however, Western has always involved customers in these decisions. Western holds regular customer meetings to discuss*

operational issues. It's Western's position that we would continue to seek customer input in these decisions.

Western is willing to open customer discussions at any time to address operational issues.

## Contract Term/ Termination / Base Resource Reduction

### *Similar Comments:*

Support 30-plus year contract terms.

Support 30-year contract term.

*Thank you for your support.*

Support the 30-year contract term for long-term resource stability if the CVPIA Restoration Fund is capped.

*Unfortunately, Western has no control over the CVPIA or the associated costs.*

### *Similar Comments:*

Support even longer-term (40-50 years) contracts with termination/percentage reduction options due to the Central Valley Project Improvement Act (CVPIA) Restoration Fund.

Due to the fact that the cost of CVP power is over market, support a 1-year termination clause for any reason, including the cost. Support a 1-year notice of a reduction in the Base Resource percentage.

Support 30-year contract term with a process for terminating if the Base Resource is take-or-pay.

*Western cannot provide for a 1-year termination. If Western were to allow customers to terminate their Base Resource Contracts on 1-year's notice and/or reduce their Base Resource percentages, it would impact the ability of Western, as well as other preference customers, to make long term plans. Pursuant to the General Power Contract Provisions (GPCP), customers may terminate their contracts upon a rate change. That is the only avenue to terminate a contract. A permanent assignment of a portion or all of the Base Resource percentage may be possible to a current customer or preference entity with Western's administrator's approval.*

*The Exchange Program was created to assist customers who cannot always take their Base Resource.*

Termination provisions should be in the contract and not under the rate process.

*Western's GPCP provide for terminating a contract due to a change in rates. The GPCPs are attached to, and made a part of, most Western contracts.*

## Exchange Program

Support the exchange program with modifications, including a price cap. The projected cost for participating in the program should not be greater than the projected market value.

*Western intends to propose an exchange program in the 2025 Power Marketing Plan; however, the details will be in the contracts, as they are today, and can be addressed at any time.*

*Western believes that, to maintain flexibility, the details should remain in the contract and not in the marketing plan.*

Western is willing to open customer discussions at any time to address exchange program issues.

## Washoe Project

Continue to integrate the Washoe Project with the CVP while looking at ways to increase the value.  
*Thank you for your comment.*

## Creating Resource Pools

Create Resource Pools from returned allocations first to minimize reductions from existing customers.

*Thank you for your comment. Western believes this comment can be integrated with the methodology for creating Resource Pools.*

### *Similar Comments:*

Support creating Resource Pools by reducing the Base Resource percentage of those customers with the largest BR to load ratio and that exceed minimum load thresholds in order to recognize the challenges smaller customers face in managing the allocation.

Support reducing the Base Resource percentages of those customers' with the largest Base Resource to load ratios.

Support the creation of Resource Pools by modestly reducing existing customers' percentages to allocate to new customers and/or increase the allocation to existing customers.

*Thank you for your support.*

Do not support creating Resource Pools by taking from customers with the largest amount of base resource to load ratio.

*Western believes that this is the most equitable manner to create the resource pools. Additionally, due to the anticipated 50% California Renewable Portfolio Standard, some customers may need to return some of their allocations.*

With regard to the 2 percent reduction, is an entity's tenure as a Western customer taken into consideration? As a new customer, we would not like our allocation reduced so soon after beginning service.

*No, the length of time a customer has been with Western is not a consideration; however, all customers may apply for increased allocations.*

## Size of the Resource Pools

### *Similar Comments:*

Support the 2 and 1% Resource Pools.

Support the proposed 2 and 1% Resource Pool, or less.

Prefer no resource pools. If there will be Resource Pools, support the 2 and 1% Resource Pools.

*Western believes that, in order to follow its mandate of widespread use, it should create Resource Pools. Thank you for your support of the sizes of the Resource Pools.*

## Eligibility / Allocation Criteria

### *Similar Comments:*

Western's proposal to allow existing customers to apply for a Resource Pool allocation if Base Resource meets less than 25% of their load is unsubstantiated and lacks legal merit. Existing

Customers should not be reduced by 2% and 1% without the ability to regain the percentage through the Resource Pool.

Do not support the criteria that customers can only apply if less than 25% of their load is served by Base Resource. All existing customers in good standing should be able to apply.

*Western allocates its power resources at its discretion. However, Western agrees that all existing customers should be able to apply for an allocation.*

Existing customers' eligibility for a Resource Pool allocation should be based on current load and verifiable projected load growth.

*Western normally will allocate based on current load. The Applicant Profile Data form (application for an allocation) allows for an applicant to provide additional information it believes relevant to its application for an allocation.*

Ensure that allocations are made in accordance with Reclamation Law to preference entities with loads of at least 500 kW.

*Thank you for your support.*

Strongly urge Western to continue to follow the preference provisions of Section 9c of the Reclamation Act of 1939 and Section 5 of the Flood Control Act of 1944.

*Thank you for your support. Western allocates to entities that meet the preference provisions of Section 9c of the Reclamation Act of 1939 and Section 5 of the Flood Control Act of 1944.*

### ***New Customer Adder***

New allottees should pay their fair share of CVPIA and CVP long-term investment costs that current preference customers have experienced.

*Western cannot retroactively assign costs or prior obligations to new allottees.*

If a new customer adder is applied, rules and costs should be clear prior to beginning the 2025 Program.

*Western does not intend to apply a new customer adder.*

Existing customers should receive their Base Resource prior to new allottees (greater rights).

*Western believes that all preference customers should be treated equally.*

### ***Maximum Entitlement of First Preference Customers***

Support the current calculation methodology of 20-year rolling average recalculated every 5 years. Support adjustments to the MEFPC only upon a 10% change. (3 customers provided this same comment.)

*Thank you for your support.*

When determining the MEFPC, model the projects using a long record of hydro conditions applying current operational capabilities and constraints on generation. Otherwise, support the current methodology.

*Western believes the current calculation methodology complies with the First Preference Acts because it accounts for generation resulting from the First Preference projects under a variety of hydrological conditions, and takes into consideration impact of changing operations. Thank you for your support.*

## *First Preference Options*

### *Similar Comments:*

Support removing the Percentage option as it is unnecessary.

Support the Full Requirements option.

*Thank you for your support.*

## *Use of the MEFPC*

Support the current practice of sharing the New Melones entitlement 50/50 between Calaveras and Tuolumne Counties, with one county using the other county's share until needed by the other county. (2 customers provided this same comment.)

*Thank you for your support.*

## *Rates*

Support clarity and transparency in the rate adjustment process as it relates to CVP power and included in Western's GPCP. The Plan should articulate a clear process for allocating costs including the allocation of costs associated with offering products and services, such as Custom Products, with consideration given to costs being allocated directly to those customers receiving the direct benefits.

*Rates are outside the marketing plan. Western performs a public rate process every 5 years.*

*However, Western is proposing to continue passing Custom Product costs on to those customers receiving Custom Products.*