

Comments and Responses to SNR's 2nd Informal Stakeholder Meeting for the 2025 Power Marketing Program

SNR received the following comments on the new concepts introduced at the August 18, 2015 Meeting:

Transmission

Support the concept of obtaining equitable transmission rates for surplus available PACI transmission capacity.

Thank you for the support.

Changes in the Electric Utility Industry

Support including provisions in future contracts that would enable Western and the preference customers to collaborate on contract revisions that may be needed to deal with future significant changes in the electric utility industry.

Thank you for the support.

Support incorporating provisions in the Plan to allow contractual changes in the event changes in the electric industry warrant managing power allocations in a different manner.

Thank you for the support.

SNR received these additional comments on the concepts introduced at the April 22, 2015 Meeting:

Contract Schedule

Request SNR extend the schedule to execute contracts beyond the October 2019 rate case.

Recommend contract execution be as close to delivery as practicable to ensure customers are informed regarding rates and costs associated with a 30-year commitment.

Western is willing to plan for contract execution in the year 2020. Western is not comfortable waiting longer due to the need to plan by both Western and the customers. However, due to the timing of SNR's 2025 Power Marketing Plan and the rate process that will determine rates beginning January 1, 2025, SNR will provide customers with the ability to terminate their contracts 90 days prior to the start of service.

Contract Term/ Termination / Base Resource Reduction

Due to the high cost of the CVPIA, request a 1-year termination or base resource reduction for any reason provision within the contract; not tied to a rate action. Such provision would only be needed until Reclamation properly utilizes proportional billing for the Restoration Fund costs assigned to power or if the CVPIA legislation is amended to include an appropriate cost limitation provision.

Continue to request a 1-year termination clause. If this is not possible, perhaps a 3-year rate review cycle.

Support a 1-year termination. Without a 1-year termination, it will be difficult to support a 30-year contract.

SNR and the customers need resource stability. SNR's contracts will contain a termination clause consistent with Western's General Power Contract Provisions under which a customer may provide notice of termination of its contract within 90 days after the effective date of a rate change. In the event any changes are made to the GPCP, SNR will attempt to include such changes in its contracts if mutually agreed to by its customers.

Rates

Western's general legislative directive is that rates are to be set on a cost basis. Western does not have the flexibility to set rates for power based on "value received".

Thank you for your support. Rates are outside the marketing plan.

Base Resource

The Base Resource is viewed as a bundled product, including energy, capacity, environmental and/or renewable energy attributes, resource adequacy, ancillary services and transmission-related services. The Base Resource definition should be modified to include resource adequacy capacity.

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.

Size of the Resource Pools

Support the 2 and 1% Resource Pools.

Thank you for the support.

Creating Resource Pools

Appreciate the use of returned allocations prior to reducing customers' percentages to create the Resource Pools.

Thank you for the support.

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

Western will be collaborating with the customers to come up with the best methodology to create the resource pools. (See next page.)