SNR PROPOSED 2025 POWER MARKETING PLAN

PUBLIC INFORMATION FORUM

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Wednesday, June 1, 2016
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Folsom, California

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MR. KAWAMURA: I'd like to welcome everyone to the 2025 Proposed Marketing Plan for the Western Area Power Administration Sierra Nevada Region.

This is the Information Forum that was noticed in the Federal Register. It was --

The Federal Register was Volume 81, page 27433.

And so this is the meeting for the proposed 2025 Marketing Plan.

The 2025 Marketing Plan and the marketing plans that Western develops is a key component of our power marketing functions. It sets the framework for a long period of time and determines how Western markets power over that long-term period.

20 years ago, many of us were standing in this room, or in a room nearby, and we built the 2004 Marketing Plan. That plan is terminating at the end of 2024, and the 2025 proposed plan will take affect at the termination of 2004 Marketing Plan.

And under the proposal, that plan will run for 30 years. So it is a long-term plan. And as part of this process, we encourage public comments that are going to come out of this process. And that is really the key for the 2025 Marketing Plan is the public input. And that's why we have these meeting to develop the public input. And we have these formal processes so we
can treat all the customers and consider all the comments in some fashion.

      And as part of today's presentation, Sandee Peebles will present 2025 Marketing Plan. We will take comments on that through August 4th. That's when the comment period closes. You can send in your comments any time prior to August 4. So please make sure you get them to us by August 4.

      We will have a Public Comment Forum on July 12th at 1:00 p.m., and it will be here at the same location, and so, please, you can provide your comments at the Public Comment Forum, or you can submit them in writing at any time prior to August 4.

      And everything that we say today is going to be on the record, and going forward, as part of this -- as part of this -- as part of this proposal. We are in the formal process, and so everything will be on the record.

      If you have questions, please submit them in writing, and we will provide answers in writing to those -- to those questions.

      Everything that we say today is being recorded by a court reporter on my right, and so in terms of the presentations, Sandee will do her presentation. After she is done with her presentation, I'll open up the floor for comments.
And so you can mark your brochures. If you have questions on the brochures, please just mark the pages, and then I will open up the floor for questions after Sandee gets done with the presentation. And this way all the questions -- it will be easier to follow the process by doing it in this fashion.

And when you do ask questions, please make sure you state your name for the record. And then every single time you speak, if you can just repeat your name for the court reporter. It makes it a lot easier to follow those questions and know who's asking those questions as part of that proposal.

And so when you do ask questions, please wait until Sandee is done. I will moderate the questions, and then I will call on you, and then either we will provide you the answer today, if we can. If we can't provide the answers, we will provide the answers in writing and post those on the website.

And with that, I am going to go on ahead and introduce Sandee Peebles, and she will do the presentation.

MS. PEEBLES: We did find the address at WAPA.gov, and then if you go to Regions, it's Sierra Nevada Region, and then there is a place where you can click on that says 2025 Power Marketing Plan.
Okay.

Good afternoon, and welcome to the Public Information Forum for the 2025 Power Marketing Plan.

My name is Sandee Peebles, and I'm the Project Manager for the 2025 Program.

First, I'd like to introduce Western.

We are a Federal agency and part of the U.S. Department of Energy. Western market's power at cost-based rates to preference entities and seeks new customers through its resource pools.

WAPA markets power in 15 states. SNR is one of four regional offices and markets its resources in Northern and Central California, as well as Northern Nevada.

SNR currently provides power to 84 customers, and we have ownership in about 1,400 miles of transmission.

The CVP consists of 11 power plants and has a maximum operating capability as 2,044 megawatts. Annual generation is about 4,600 gigawatt hours. The CVP's transmission system is about 868 miles long, with 22 substations.

The Washoe Project has one small 3.65 megawatt generator that generates about ten gigawatts annually. There is no transmission available to the CVP or the ISO.
Transmission System.

The unit is also registered with the CEC as an RPS eligible resource.

Okay. So we'll talk now about the Marketing Power Resource.

SNR markets the hydro-generation from the Central Valley Project. Certain loads have priority to the energy from the CVP. Project use loads are mainly irrigation districts that have contracts with the Bureau of Reclamation, and they have first call on the generation.

Next is first preference customers, then maintenance reserves, system losses, ancillary services and SNR's SBA needs.

Then comes Base Resource.

And this chart is simply an example of the range of generation and the priority uses prior to determining the base resource.

And this chart gives an idea of when most of the generation occurs. As you can see, most of our generation occurs in the spring and through the summer. There is much less generation in the fall and winter months.

For our products and services, the base resource is our fundamental product. Having a base
resource contract makes you a customer.

Customers have a percentage of the generation under the contract. That means whatever amount of power we're generating that day, you get your percentage of it.

The capacity and energy will vary daily.

Stampede is integrated with the CVP, but the generation goes to meet project use load.

The environmental benefits will be part of the base resource contracts. A Portfolio Manager will shape the base resource within certain constraints, and all power will be provided on a scheduled basis.

Customers are responsible to pay for their allocation regardless of whether they can actually use it, and rates are not part of this process.

Federal power can't be sold for resale. The base resource needs to be used at your own facility or to serve your end use customers.

We'll develop an exchange program with customer input. The exchange program is meant to provide payment relief to customers that have more base resource than load in certain hours.

We'll propose that the program be voluntary, but regardless of participation, base resource in excess of a customer's load in any hour will be put in the
In addition to the base resource, we're proposing optional custom products. Currently we offer full load service, variable resource service, and scheduling coordinator services.

SNR is open to discussing the possibility of providing other services at customer request. All costs associated with custom products are passed on to the customers contracting for those services.

So first we have full load service, and that's the service which was developed for those customers who want to just flip the switch and pay the bill. This service is similar to retail service.

SNR acts as a portfolio manager forecasting loads and matching resources, and we'll procure the additional power necessary to meet the load at SNR delivery points.

All customer loads are typically aggregated together when purchasing supplemental power.

Variable resource service is geared toward the larger customer that manages its own power portfolio and is just looking for an additional resource.

Customer determines the amount of power, if it's an on-or-off peak product, the type of resource, the price, et cetera. If we can meet the customer's
requirements, we'll provide the service.

If you're located within the California Independent System Operator's Balancing Authority Area, you must have a Certified Scheduling Coordinator.

SNR can act as your SC. We'll submit day-ahead schedules to the ISO, make adjustments when necessary to validate data and provide settlement information to the customer and dispute incorrect charges.

And if you choose full load service, SNR must be your SC.

Any products or service request other than base resource is a custom product. If you have ideas for products or services other than those mentioned today, you can request it, and we'll determine if we can provide it.

And, again, all costs associated with whatever product you choose, will be directly passed on to you.

Now, onto Resource Extensions and Resource Pool Allocations.

SNR is proposing to incorporate the intent of the power marking initiative of the energy management -- Energy Planning and Management Program in the proposed 2025 Power Marketing Plan. That means we will continue to offer the majority of the resources to our existing customers.
At first existing customers will be offered 98 percent of their current allocation, and we are proposing two resource pools to promote widespread use of the Federal power.

Existing customers will be offered 98 percent of their current allocations. However, if an existing customer either doesn't execute a contract or doesn't take its full allocation, the amount forfeited will be returned prorata to the remaining existing customers.

If this happens, the existing customers will be allocated somewhere between 98 and 100 percent of their current allocation.

In January of 2024, we will compare loads to base resource allocation. The comparison will be based on the customer's last five years of energy consumption and the average base resource.

If a customer has an allocation greater than its load, we may reduce that allocation to 98 percent of the customer's load.

In 2040, all customers will have their allocations reduced by one percent. Provisions we just discussed will, again, be applied to the 2040 resource pool.

WAPA creates resource pools to spread the benefits of Federal power to more entities who are
eligible to receive an allocation and possibly increase
the allocations of existing customers.

As mentioned earlier, SNR is proposing two
resource pools. One in 2025 with two percent of the
resource and one in 2040 with one percent. If one or
more existing customers forfeit more than two percent of
the total base resource, the amount remaining after
increasing all other existing customers back up to their
full existing allocations will be added to the resource
pool.

Additionally, any base resource allocation
determined to be larger than a customer's load will be
included in the resource pool.

These two provisions could increase the size of
the resource pools. WAPA determines to whom and how
much it allocates.

So to qualify for an allocation, an entity must
meet the preference requirements of the Reclamation
Project Act of 1939. You should be located within our
marketing area. If we're unable to allocate all of our
resources within our marketing area, we may allocate it
outside of the marketing area.

You must be ready, willing and able to receive
and use the power or to receive and deliver power to
your end use customers. You must submit an application
in response to the call for applications.


And the minimum load requirement is one megawatt, but we can accept 500 kilowatt loads if we can aggregate the load with other loads for a total of one megawatt.

After it is determined which entities are eligible for an allocation, we'll determine how much to allocate to each eligible entity.

We are proposing to use the load data from the year before the call for applications. You'll have to execute an electric service contract.

All 2025 allocations to both new and existing customers will be adjusted for the 2040 Resource Pool. We are proposing to give greater consideration to allocations to Native-Americans, and WAPA makes allocations at its sole discretion.

Now, we'll talk about the general criteria and contract principles we're proposing to apply.

Electric service contracts must be executed within six months of an offer, unless otherwise agreed to by WAPA. Allocations are subject to adjustment. All power will be provided on a scheduled basis. Customers must pay for their percentage of the base resource
regardless of whether they can use it.

Cost for any additional product and/or services will be passed on to those customers contracting for such products and/or services.

Rate schedules for services will be developed under a separate process. Customers must pay all rates and charges pursuant to the terms of the contract. Written commitments to the custom product will be due January 1st, 2023.

Contracts will include requirements that must be met continuously during the term of the contract. Customers are responsible for obtaining their own delivery arrangements beyond the CVP transmission system; however, we will assist when possible.

Initial electric service contracts will have a 30-year term, January 1st, 2025, through December 31st, 2054. Custom product contracts for specific products and services will have terms as set by those contracts.

WAPA's standard provisions for electric service contracts, integrated resource plans and general power contract provisions will be included.

Contracts will provide for WAPA to reduce or rescind the allocations if the allocation is too large or the power is not being used to meet the customer's own load.
WAPA will allocate power not under contract at its discretion. All customers' base resource percentages will be reduced for the 2040 Resource Pool, and lastly, alternative funding arrangements may be included in the electric service contracts.

Now we'll go over First Preference Entitlements and Allocations.

The Trinity River Division Act of 1955 and the New Melones Project provision of the Flood Control Act of 1962 authorize construction of the power plants located in Trinity, Calaveras and Tuolumne Counties. Those acts also provided special benefits to preference entities located within those counties due to the construction of those power plants.

Specifically, customers in those counties are eligible for up to 25 percent of the additional energy available to the CVP due to the construction of the facilities within their counties.

The maximum entitlement of first preference customers is the amount of power available to the customers located within those counties.

The MEFPC of Trinity County is separate from the combined MEFPC of Calaveras and Tuolumne Counties.

The MEFPC for Calaveras and Tuolumne uses the generation from the New Melones project. The MEFPC for
Trinity uses the generation from the Trinity River Division, which includes Trinity, Carr, Spring Creek and 13.8 percent of Keswick.

The MEFPC calculation is performed every five years.

First preference allocations are based on the customer's power needs. First preference customers can receive allocations for 100 percent of their load, as long as the total of allocations is not greater than the MEFPC.

SNR is proposing to serve first-preference customers with full requirement service. This service includes meeting all the power needs up to the customer's right to the MEFPC at the base resource rate and Portfolio Management Service.

If necessary, SNR will provide supplemental power under full requirement service. We have to be the scheduling coordinating in order to receive this service.

The Act also provides specific application periods for first preference entities. Those entities can apply for an allocation every five years based on the anniversary date of the associated projects.

The anniversary date of the TRD is January 1st, 1962, and the New Melones Project is April 5th, 1982.
Applications must be received 18 months prior to the anniversary date of their respective project, so if you want to begin service under this marketing plan, we have to receive your application by July 1st, 2020, for Trinity County applicants and by October 5th, 2020, for Calaveras and Tuolumne applicants.

Calaveras and Tuolumne Counties share the MEFPC from the New Melones Project, and each county is entitled to half of the MEFPC.

If customers in one county aren't using their full share of the MEFPC, and there is a request for additional power from a customer or an application from a first-preference entity located in the other county, which makes the total allocation in that county exceed the total MEFPC for that county, then SNR will allocate power from the unused share of the MEFPC to the customer or entity on a withdrawal basis.

That power can be withdrawn on a six-month notice if customers or entities in the original county need it.

And now a little bit about transmission.

We are proposing to include transmission over the CVP system with base resource allocation. If you are located in the ISO Balancing Authority area, this means your power will be delivered to the boundary
between our system and the ISO. From there you'll need
transmission from the ISO and possibly distribution
service from PG&E.

    We'll do our best to help allottees obtain the
additional transmission and distribution services
necessary, but it's ultimately your responsibility to
obtain the services.

    As we discussed earlier, WAPA has ownership in
the PACI and COTP transmission systems. SNR is
proposing to continue to market surplus capacity on the
CVP and COTP transmission system under WAPA's Open
Access Transmission Tariff.

    Legislation for the PACI provides for marketing
that transmission service specifically to aid and
benefit the CVP.

    SNR will determine the use of its transmission
resources along with further development of the rest of
its products and services.

    And, finally, let's talk about changes in the
electric utility industry.

    As we all know, the industry continues to
evolve under different legislation and markets. We may
need to make changes to the way we market the resources
during the term of this marketing plan to ensure our
products to be cost effective and beneficial resources
to our customers.

    Although we don't know what changes may need to
be made, we want to make sure that the plan allows for
changes in the future. Any changes will be made in
collaboration with customers through mutually-agreed
provisions to the electric service contracts.

    So that's the end of my presentation on the
proposed plan, which was published in the Federal
Register on May 6 with a 90-day comment period.

    We will hold a Public Comment Forum with the
public to present oral comments here at the Lake Natoma
Inn on Tuesday, July 12th, beginning at 1:00 p.m.

    The deadline for comments is August 4th, 2016.
You can e-mail your comments to 2025propplan@wapa.gov or
mail them to the attention of Sonja Anderson.

    MR. KAWAMURA: Thank you, Sandee.

    All right. At this time, I am going to set the
ground rules for the questions. If you have questions,
just raise your hand. Then go on ahead and say what
your name is and the organization you represent for the
court reporter, and then I will -- if we can answer the
questions for you today, we'll answer them. If we
can't, we will take your questions, and we will post the
responses to those questions on the website.

    So with that, let's go ahead and open the floor
for questions.

MS. EMERSON: Hi, Deb Emerson with Sonoma Clean Power. And my question is in regards to the allocation criteria.

When it says that the allocations will be based on the year prior to the call for applications, can you tell me when the call for applications are due?

MS. PEEBLES: Yes. So right now this is just a tentative schedule subject to change, but right now we're looking at going out for the call for applications sometime late 2017.

MS. EMERSON: Okay.

MR. KAWAMURA: And with the call for applications, there will be a notice in the Federal Register, and they'll specifically say -- provide an -- there will be an application, standard form that you need to fill out as part of that process, and just keep your eye out on the website. They'll all be announced there.

Yes.

MR. KRUTH: Thank you, Koji.

My name is Maury Kruth. Last name is K-R-U-T-H, and I'm representing the Northern California Power Agency.

And I have a couple questions regarding term
and termination provisions in the new contracts.

And my understanding was based on reading the Federal Register is what Western's proposing right now is a 30-year term beginning in 2025 with what we view as a take-or-pay type provision.

Is that a correct understanding?

MS. PEEBLES: Yes.

MR. KRUTH: I want to make sure we're reading that correctly.

And then secondly, it looked like the proposal anticipates the general power contract provisions, and I was wondering would those provisions be similar to the ones that are in the current agreements, and particular, would they contain termination rights for existing customers that might choose to terminate an agreement or reduce the allocation?

MR. KAWAMURA: Yeah. They will incorporate Western's standard general contracting provisions.

As you know, when Western changes those general contracting provisions, they'll normally go through a customer process before we change those, but under Western's current general contract provisions, there is a right for the customers to terminate under Section 11 of the general contract provisions.

MR. KRUTH: If I understand you correctly, the
likely or the probable GPCP's will contain similar provisions to whatever the contract currently has?

MR. KAWAMURA: That is correct.

MR. KRUTH: Can Western provide an estimated timeline when customers will see those provisions, the new GPCP's in 2019?

MS. PEEBLES: We don't currently have plans to change those.

MR. KAWAMURA: Normally what will happen is there will be the standard provisions that apply, and for those to change, they'll normally go through a -- they'll go through a customer process to change those, and so if they don't change --

If they are going to change, you will -- customers will be notified, and you can participate through the customer process, and you'll have those before when executing the contracts.

MR. KRUTH: And I also had a couple questions regarding Federal Register Section 8, Roman numeral VIII, on page 374 through 9, anticipates changes in the electric utility industry.

I was just wondering if Western could elaborate on what it might envision what might trigger those types of mutual agreement changes in base resource?

Would those be things like changes in the BA or
changes in EIM, or can you share with us any thoughts you would have and what might precipitate those kind of changes?

MR. KAWAMURA: I think that we kind of purposely left it broad, and it will be items that we will work with the customers to determine what is the significant change. If both parties believe in significant change, then we would be able to change those contracts under that contract provision.

MR. KRUTH: So to require a change, it would only be by mutual agreement?

MR. KAWAMURA: That is correct.

MR. KRUTH: Those are two of the questions I had.

I may have a couple others.

MR. KAWAMURA: Thanks for the questions.

MR. SCHEUERMAN: Hi. Paul Scheuerman representing DOE Labs.

Let me -- I'm going to the page here for you.

MR. KAWAMURA: Great.

MR. SCHEUERMAN: This is on, I guess, slide 11, page -- it's Extensions of Existing Customers. 21 on the actual slide number. And the --

When Sandee read that, and I noticed it's in the FRN, it talks about the allocation being prorata,
and my question is: What's the metric for the prorata? Is it load? Is it your base resource percentage?

What might that be?

MS. PEEBLES: So let's just be clear.

So all customers will be allocated originally 98 percent of their current allocation. And then should a customer return its allocation, then we will prorata, distribute that back to the customers.

So if we get one percentage back, let's say, we will give one percent back to all of the customers, so effectively you will get 99 percent of your base resource allocation, rather than 98 percent of your base resource allocation.

Does that make sense?

MR. SCHEUERMAN: So it's based on your base resource allocation percentage?

MS. PEEBLES: Yes.

MR. SCHEUERMAN: Okay.

MR. KAWAMURA: I think we have a question in the back.

MS. PADILLA: Monica Padilla for the City of Palo Alto. I have several questions.

One is to follow up on Maury's questions related to the termination provision, and I guess the understanding that we have here, it's going to be part
of the general contract, or GPCP.

    MR. KAWAMURA: Right. That is correct.

    MS. PADILLA: My question is: Is there an ability to have the termination provision embedded within the base resource contract itself?

    MR. KAWAMURA: Termination provision will be part of the GPCP. They will not be embedded in the contract.

    MS. PADILLA: Is there ability to include it, or is that just --

    MR. KAWAMURA: It is a standard form contract that Western will send out for execution, and the GPCP's will be incorporated by reference, and so there will not be a specific termination provision in the contract. It will be in the GPCP's, which are part of the contract by reference.

    MS. PADILLA: Right. I understand that.

    My question is: Can that change?

    MR. KAWAMURA: Right now, it is standard form contracts, so it will not be included.

    MS. PADILLA: And that's based on some law or something that there's no flexibility there?

    MR. KAWAMURA: It's just based on Western's policy, that the standard form contracts are sent to all customers, and it's fairly standard Western-wide.
There are some changes within the regions, but it's fairly standard that this is the way Western does it.

MS. PADILLA: Okay. Along the same lines, I understand all that was included in the presentation that there's going to be some credit provisions that will be required of customers.

Will those be part of the base resource contract, or will they be an external reference?

MR. KAWAMURA: They will be an external reference as well.

MS. PADILLA: Again, is that part of the base resource contract?

MR. KAWAMURA: That will be a separate standalone provision as well.

MS. PADILLA: So the answer is no?

MR. KAWAMURA: Yes, that is correct.

MS. PADILLA: All right. Now, so going to page -- or slide number 11, so the second bullet point, where you say, Portfolio Manager will shape the base resource within constraints.

How will those constraints be defined? Will they be included within the base resource, or will that be an operational constraint?

MS. PEEBLES: I'm referencing an operational
constraint there.

MS. PADILLA: So they won't be defined in the base resource contract?

MS. PEEBLES: I guess, what is your question?

MS. PADILLA: I don't know. It just says, within constraints.

Will those constraints be outlined in the contract itself?

MS. PEEBLES: I think that we're looking at the same way that we do today. You've got mins and maxes that you can schedule within, so that's what we're looking at.

MS. PADILLA: So they will be defined the contract?

MS. PEEBLES: Those are defined in the contract.

MS. PADILLA: Okay. On slide number 12, when we talk about the exchange program, the way I understood it worked or works right now, is that is a voluntary program, but you have to opt out of that program.

Will we need to opt out again in 2025 if we do not like the way the program is structured?

MS. PEEBLES: Well, I think that we're going to develop the program as we move forward so that's not -- All we're saying in the plan is that we're
going to develop a program, but we'll develop it with
customer input.

   MS. PADILLA: Okay. So is everybody going to
be in that program when you first enter the contract,
and if you don't want to be in it, you have to opt out,
or will there be the ability to sign in when you get
there?

   MS. PEEBLES: We haven't developed the program
yet.

   MS. PADILLA: Okay. And then -- sorry.

   On the issue of the application, do existing
base resource customers also have to submit an
application?

   MR. KAWAMURA: You would have to submit an
application if you want additional resources, and so if
you have a current base resource, and you want
additional -- you want to apply for more base resource,
then you can -- you would have to submit an application
for the increase.

   MS. PADILLA: Okay. So we automatically get
whatever gets prorate -- the 98 percent whatever that
ends up being?

   MR. KAWAMURA: That's correct.

   MS. PADILLA: Without doing anything else?

   If at some point we want less than 98 percent,
when do we indicate that? If we don't have a call for
application, is it just --

MR. KAWAMURA: Yeah. You can just -- you can
work with your customer service rep and tell them that
you want to lower your allocation. That will be fine.

MS. PADILLA: And that can happen any time up
to execution?

MR. KAWAMURA: The earlier you can do it, the
better because that way we can reallocate the remainder
of it.

MS. PADILLA: What if that's not possible for
whatever reason? You think you're going to need as
much, and then you get another contract, or something,
and then you have to reduce your allocation, can it
happen -- can it happen before execution?

MR. KAWAMURA: It can happen before execution.

MS. PADILLA: Okay.

MR. KAWAMURA: But the earlier -- the more
notice you can provide us, the better.

MS. PADILLA: Okay. And going back to slide 21
when you talk about reducing allocations for those
customers who are greater than a hundred percent of
their load, it sounds like it's somewhat subjective that
you may reduce it.

Is there some discretion that Western has on
allocating more than a hundred percent of base
resource -- hundred percent of a customer's load?

MS. PEEBLES: I think in the plan we noted that
we would work with the customer to determine what the
issues were and why they had an allocation that was too
large for their load.

MS. PADILLA: But there's the ability for a
customer to actually have more than a hundred percent,
right?

MS. PEEBLES: No.

MS. PADILLA: Okay. So then I misunderstood
that.

And then just a couple more. Sorry.

Actually, I think that might be it.

Okay. Thank you.

MR. KAWAMURA: And let me just clarify in terms
of changing your allocation.

So you're going to get a contract as part of
the process. So all customers will get contracts by a
specific date, and those contracts will have an execute
by date.

And you have to execute those contracts within
that time period, so if you don't execute that contract,
and you want to change that percentage, you're going to
have to make that change in that contract.
Does that make sentence?
And so all customers will get contracts as part of the process, and then if you want to change your percentage, you need to make sure that the contract percentage is changed in that contract, and I'm not sure of the date, Sandee, when is the proposed dates --
Again, these are estimated dates on when this will be going out.

MS. PEEBLES: We're looking at having customers execute the base resource contract in mid-2020.

MS. PADILLA: Okay. So then if that's the case, then --
So by execution, in my service territory or for my agency, it means that our Governing Board approves that contract and executes it.
So if that's in 2020, when will we get the base resource contract or the offer from -- we'll get it a few years before that, right?

MS. PEEBLES: Six months before.

MS. PADILLA: Oh, six months.
But we will know our allocation by...
MS. PEEBLES: Right now.
MS. PADILLA: But it's all subject to whoever returns its share of base resource, and all that other good stuff, so we won't actually know until --
MS. PEEBLES: I'm envisioning that the contract will go out with 98 percent of your current allocation, and then if ABC entity returns their allocation, we'd have to change your exhibits to increase your percentage.

MS. PADILLA: Okay. So then six months -- so we have essentially six months to decide how much we're going to execute?

MS. PEEBLES: Right.

MS. PADILLA: Before execution in 2020?

MR. KAWAMURA: Right. And if you want to lower that amount you have in that contract, you will have to do it before that date.

MS. PADILLA: Okay. Thank you.

MS. EMERSON: Deb Emerson with Clean Power again, and I'm looking at slide 20 regarding the extensions and existing customers.

I just want to make sure that I understand existing customers term.

Does that mean you must have a contract currently in the 2004 through 2024 period?

MS. PEEBLES: Right.

MS. EMERSON: So if I'm doing the math correctly, if no one did anything, and all existing customers kept their 98 percent, are we talking about
potentially 40 megawatts being available?

MS. PEEBLES: No. Probably --

MS. EMERSON: That's two percent of your max capacity of 2044?

MS. PEEBLES: Well, we market based on energy, so I think that will be somewhere around 60,000 megawatt hours.

MR. KRUTH: Maury Kruth again with NCPA.

A couple questions regarding the transmission service aspects of the Federal Register.

On page 27439, Western indicates on the provision here that you work with -- the Western would work with allottees to obtain transmission service, particularly for the folks that will be in the --

My question really has to do with what working with the allottees would entail, and in particular, does that include construction of new transmission, or what would Western envision as its efforts to secure transmission to the folks who seem to be having difficulty?

MS. PEEBLES: So, for instance, we would need to go out and try and contract with PG&E for WDT service, like we've done under this Marketing Plan. That's what I'm envisioning we would -- that's how we would assist allottees.
MR. KRUTH: Then I have a second question also from page 27439, section Roman numeral VII of the Western discusses the Pacific AC. I was curious how much estimated surplus available transmission capacity in the 2025 and beyond time frame Western would envision might be available to customers?

MR. KAWAMURA: Well, currently, as you know, Western has a contract with the ISO and Pacific Gas & Electric Company.

Western does own one line and portions of the COTP, so this applies only to the Pacific AC portion. As it relates to the Pacific AC intertie portion of it, that contract with PG&E and the ISO terminates on December 31st, 2024.

We don't know what that contract, whether it's going to be extended or whether it's not going to be extended, we don't know what the ISO and PG&E are going to want to do with that.

So we can have anywhere from 400 we have today to potentially more. We just don't know at this point in time.

MR. KRUTH: Does Western have any schedule for when to make a decision on that -- the expiration of the PACI agreement?
MR. KAWAMURA: That will probably be at some point in the future. We don't know today.

MR. KRUTH: I think those are the main transmission questions I had.

Thank you.

MR. KAWAMURA: Are there additional questions?

Yes.

MS. PADILLA: Monica Padilla with the City of Palo Alto again.

In terms of developing the GPCP provisions, I understand from Maury's earlier question and your response, if that were to change, it would initiate a public comment period, and there will be discussions back and forth.

Can a customer initiate that process to revise a GPCP?

MR. KAWAMURA: Generally the process that Western goes through to revise GPCP, customers usually will bring up an issue as part of the GPCP and say, we have concerns with these provisions, and as part of that, it will go through various Western channels, and then if there is enough concerns about that provision, then Western will probably open up discussions with customers.

But that's how the process normally works.
It's not just Western making the decision. It's usually made in conjunction with the customers.

MS. PADILLA: And the timing of that process, is it a lengthy process?

My question is getting to, if we wanted to make sure that the GPCP that is tied to the base resource contract is satisfactory to us, should we start that process now?

MR. KAWAMURA: Probably should start it now. It can be a lengthy process.

MS. ANDERSON: But to clarify, it is all of Western. It wouldn't just be the Sierra Nevada region.

MS. PADILLA: Okay.

MR. KAWAMURA: Yes. Because the GPCP's are standard Western-wide provisions.

MS. PADILLA: And that's why it takes so long.

MR. KAWAMURA: And that's why it takes so long.

MS. ANDERSON: And I think that would also make a position of Western deciding if it will be a public process or not, or keep it the same. It wouldn't be an SNR decision.

MS. PADILLA: Western being the WAPA.

MS. ANDERSON: All of us. Mostly the administrator.

MS. PADILLA: Okay. Thank you.
I just had a few clarifying questions.
Slide number 12, you mentioned an exchange program will be developed.
Timing for this, is that part of the Marketing Plan discussion? Where does that fit in?
MS. PEEBLES: I think that that's going to be outside of the Marketing Plan, but we'll discuss it with the customers as we go forward.
MR. TAKEHARA: Any idea on timing?
MS. PEEBLES: No, not really, but if you have ideas on the exchange program even today we are willing to hear those.
MR. TAKEHARA: Okay. All right. Thank you.
Now, as far -- slide 17, because that's where I wrote my question. There's not very much there.
It has to do with the custom product. I'm just curious, how do I as a customer go about knowing what kinds of custom products you have available today? How do I participate?
It's a question about transparency. How do I go about knowing what these things are so I know whether or not I want to participate?
MS. PEEBLES: You mean full load service,
variable resource service?

MR. TAKEHARA: And then you also do some other times where you're buying energy for people?

MS. PEEBLES: Today these are the only services we're offering, but we're saying, if you're looking for a specific service, we'd be happy to help you with that.

We don't have any ideas of what you're looking for, but we're willing to work with the customers.

Just like today, if you have a specific idea of a service you want us to provide to you, you can come to us and talk to us about it, and if we can help you out, we'd be happy to do that.

MR. TAKEHARA: Okay. Thank you.

Bringing up general power contract provisions, again, on slide 28.

Just -- there's a note there in the third bullet, part of the provision for the electric service contracts.

Just curious, do you also apply these in your custom product contracts as well?

MS. PEEBLES: Yes. They're pretty much attached to every contract we do.

MR. TAKEHARA: Okay. Thank you.

MR. KRUTH: Hi. I'm Maury Kruth again.

K-R-U-T-H. Couple more questions regarding your general
criteria in contract principles.

   In the Federal Register on page 27437, Roman numeral V, and under section B, Western's proposing allocation percentage shall be subject to adjustment.

   Just wondering if you could explain what would precipitate that, and what you envision, the adjustment up or down?

   MS. PEEBLES: First of all, we're going to adjust you by one percent for the 2040 Resource Pool, and in addition if we find out that the power is being used for other reasons other than to serve your own load, we will reduce your allocation, or if your allocation was too low, we would reduce it.

   MR. KRUTH: Will there be notification given to a customer first under those circumstances?

   MS. PEEBLES: I think we always work with customers to find out what's going on and figure out if it's necessary to reduce it or if there's some other issues.

   MR. KRUTH: And also down in the same section Roman numeral V, Article I, it says, contracts will include clauses specifying criteria the customers must on a continuous basis to remain eligible to receive electric service.

   I was wondering if you could explain what the
concern was there, what you envision precipitate happening?

    MS. PEEBLES: This is standard from our current plan as well, and I think we're looking at you're going to have to continue to provide IRP's.

    What else would they have to --

    MR. KAWAMURA: You'll have to continue to be a preference customer. For instance, if a preference customer gets purchased by an IOU, then you would not qualify anymore.

    MR. KRUTH: Thank you.

    MS. PADILLA: Monica Padilla with the City of Palo Alto.

    In terms of the custom product, or the product that you would offer, one specific one I have a question about is scheduling coordination services.

    How will the service be priced? Is that something we will know up front, or is that something that is a negotiated price?

    MS. PEEBLES: Rates that are outside this plan.

    MS. PADILLA: Oh, so the rates for scheduling coordination services will be outside the plan?

    MS. PEEBLES: Yes, they will be. We've never put rates forward in a marketing plan before. Those will be determined, obviously, at a cost-based rate.
That's all I can say in the future.

MS. PADILLA: Okay. And then will this contract also have the ability to assign it to another agency for administration?

I don't know if that's the right term for right now because Palo Alto has signed its share to NCPA. Would that also continue in the next base resource contract?

MR. KAWAMURA: Generally the way assignments work is they have to be approved by Western's administrator, so we can't give guarantee whether assignments will be accepted or if they won't be accepted.

They have to be requested by the customer, and then it will go to Western's administrator for approval.

MS. PADILLA: Okay. Thank you.

MR. KAWAMURA: Additional questions?

MR. KRUTH: Maury Kruth again for NCPA. One more question on GPCP's, just to make sure I understand it correctly.

From a customer perspective, subject to the schedule being adjusted, existing customers will be most likely 98 percent base resource offer, I'm going to say late 2019.

Just what I'm struggling with is when that same
customer would see the new GPCP's, and would those new GPCP's look the same as what an existing customer sees right now, in particular worrying about the termination provisions and when those might change materially, so if you can help me understand your -- your thinking on that.

MR. KAWAMURA: Well, what you'll normally see is when you get the offer, you will be get a copy of the contract. You'll also get a copy of the current GPCP's that will be attached to that contract, and so you'll see the whole package at that point in time.

MR. KRUTH: From the customer decision perspective, like Monica was saying, somewhere, say, in 2019 when she would have a package that would go to her decision-makers for approval, and it would incorporate at that point the actual GPCP's that will become integrated into the agreement.

Is that a correct understanding?

MR. KAWAMURA: Yeah. That is correct.

And then normally if we change the GPCP's, then they'll be sent out to the customers, and if they don't want those new GPCP's, they -- the contracts will specify a specific date for the applicable GPCP's in the contract.

If there are additional GPCP changes, then
those would be done through an amendment.

MR. KRUTH: So in, say, the year 2035, Western promulgated additional new GPCP's, as a customer, would I then have the right to not accept those?

MR. KAWAMURA: That is correct.

MR. KRUTH: Okay. Thank you.

MR. KAWAMURA: Are there any additional questions?

MS. PADILLA: Sorry. Okay.

So the current GPCP's do not include --

Sorry. Monica Padilla, City of Palo Alto -- do not include credit provisions and then right now in the termination of all provisions, how are you going to incorporate those into the -- how are you going to reference them in a new base resource contract?

MR. KAWAMURA: I believe the current -- and let me check on that, but I believe the current GPCP's do have a provision for credit worthiness in there.

Let me check on that.

MS. PADILLA: But they're not the same as the credit provisions that were distributed a couple years ago to customers?

MS. HAAS: That would be a separate attachment. Just like the general power contract provisions. There will be another set of creditworthiness procedures that
will be attached to the contract.

So you'll have GPCP's attached, and you'll have creditworthiness provisions attached.

MS. PADILLA: Okay. So then -- just because we're on this topic again, if we wanted to change the GPCP, given it's an instrumental task, and we started this year, our main thing that we want to look at is the termination provision and how to clarify it so it's very transparent what our options are to terminate.

So if we start that process now, would it be done in three years so that we could attach it to this base resource contract?

MR. KAWAMURA: I really can't say how long that process will take, but if you do want to start it now, now will be time to start it.

MS. PADILLA: How do I start that process?

MR. KAWAMURA: Probably want to talk to Sonja and raise the concerns and then say, here are the specific concerns I have about the GPCP's, and then she can bring it up to the other managers and then have those discussions.

MS. PADILLA: Okay. Thank you.

MR. KAWAMURA: Making more work for you, Sonja.

MS. ANDERSON: I was just going to say, I have already brought her concerns up.
MR. KAWAMURA: Additional questions.


Just to follow up on what Monica was talking about as far as termination.

I hear two potential paths. One would be to amend the GPCP Western-wide to address the termination and get -- I think one of the -- the key issues clarifying language on whether or not a rate extension would allow a preference customer to have an off-ramp in the contract, and the other option would be to have that clarified within the contract language.

Is that correct?

MR. KAWAMURA: The --

MR. TEN-PAS: If it's not addressed in the GPCP, you can address it in the contract, clarifying rate extension as an off-ramp?

MR. KAWAMURA: So the termination provisions are contained in the GPCP's, and those are standard Western-wide. And they aren't contained in the specific contract, except through reference to the GPCP.

Does that make sense?

MR. TEN-PAS: Yeah. I guess my question is: Could you address it in the contract?

What I'm hearing you say, no, you cannot.
MR. KAWAMURA: That is -- that is the proposal is that the GPCP's will handle the termination.

MR. TAKEHARA: James Takehara.

Just a question came to mind based on one of your responses to Monica that has to do with the external credit provisions.

What's the -- I guess the main concern is will we have the same contract protections against changes to that language as we would enjoy under your proposal for the GPCP?

In other words, will base resource contracts -- do you anticipate base resource contract referring to a specific date version of an external credit criteria?

MS. HAAS: I believe that will be the correct answer, that it will be dated the same as GPCPs, so whatever you're under at that point is what you would continue to be under.

MR. TAKEHARA: Would you like time to verify that?

MS. HAAS: I don't know at this point because we have not revised them yet, but we may be going through a process to revise them.

And so my understanding in talking with the other contract managers is that will be our understanding, but it hasn't been confirmed with Legal.
I think that's probably where the question would lie is, you know, would that be the proposal?

MR. KAWAMURA: And that's something that we will check up on and get back to you on.

MR. TAKEHARA: Is that a Western-wide document as well?

MR. KAWAMURA: It is a Western-wide document.

MR. TAKEHARA: Is that subject to change through customer-driven process as well?

MR. KAWAMURA: That's correct.

MR. TAKEHARA: Okay. Great. Thank you.

MR. KRUTH: Maury Kruth again with NCPA. One more question back on GPCP's. The question I have, I understand the GPCP termination route, but my question, I guess, basically for Koji is: Would the administrator also have the authority, if they so choose, to include those termination provisions, even if they were the same as GPCP in the actual agreement, in the actual contract?

MR. KAWAMURA: So you're asking whether the administrator in his discretion could add or revise a termination provision to a contract given that's different than the other regions?

MR. KRUTH: Correct.

MR. KAWAMURA: The administrator can do -- has
wide discretion, so if the administrator so chooses to have SNR contracts different than other region's contracts, that's is a decision the administrator can make.

Is that the question?

MR. KRUTH: That's my question.

MR. KAWAMURA: Any additional questions?

All right. Seeing no more questions, I do appreciate all participation as part of this process. I think it's very helpful for Western to get a better understanding of customers' concerns in the process.

Again, you do have time for comments, and we encourage everyone to provide comments. I heard a lot of discussions today on the GPCP's, on termination, on creditworthiness, so if you want to provide comments on those types of issues, that will be greatly appreciated.

The comments are due August 4th by 5:00 p.m., so make sure that you get them in. There will be a Public Comment Forum on July 12th here at Lake Natoma Inn.

And so you can provide comments at any time prior to August 4th, or you can provide them at July 12th, and so we look forward to hearing your comments.

And, again, the more comments you can provide,
the better feedback that we can have from you, and the
better we can make this Marketing Plan.

The comments should be addressed to the
2025propplan@wapa.gov. That's 2025, P-R-O-P-P-L-A-N, at
W-A-P-A, dot, G-O-V, or you can mail them to Sonja
Anderson at 114 Parkshore Drive, Folsom, California,
95630.

And, again, we are in the formal process, and
so we will address questions. If you can provide your
questions and comments in writing with your questions,
we will provide written responses to those questions and
post them on the website.

We thank everyone for attending.

We can go off the record now, and thanks.

(Meeting concluded at 2:02 p.m.)
REPORTER'S CERTIFICATE

I, CATHERINE D. LAPLANTE, a Certified Shorthand Reporter for the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing meeting was reported in shorthand by me, CATHERINE D. LAPLANTE, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting; that the foregoing was transcribed to the best of my ability.

IN WITNESS WHEREOF, I hereby certify this transcript at my office in the County of Placer, State of California, this 22nd day of June, 2016.

CATHERINE D. LAPLANTE, CSR #10140

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