

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

CENTRAL VALLEY PROJECT

SCHEDULE OF RATE FOR UNRESERVED USE PENALTIES

Effective:

October 1, 2011, through September 30, 2019. [Note: This rate schedule was extended by Rate Order No. WAPA-185 through September 30, 2024.]

Available:

Within the marketing area served by the Western Area Power Administration (Western), Sierra Nevada Customer Service Region (SNR).

Applicable:

Western added this penalty rate for unreserved use of transmission service for the Central Valley Project, California-Oregon Transmission Project, and Pacific Alternating Current Intertie effective October 1, 2011. This penalty is applicable to point-to-point (PTP) transmission customers using transmission not reserved or in excess of reservation or network customers when they schedule delivery of off-system non-designated purchases using transmission capacity reserved for designated network resources.

Character and Conditions of Service:

Transmission service for three-phase, alternating current at 60-hertz, delivered and metered at the voltages and points of delivery or receipt, adjusted for losses, and delivered to points of delivery. This service includes scheduling and system control and dispatch service needed to support the transmission service.

Penalty Rate:

The formula rate for Unreserved Use Penalty (UUP) has three components.

Component 1:

The UUP service is provided when a transmission customer uses transmission service that it has not reserved or uses transmission service in excess of its reserved capacity. A transmission customer that has not reserved capacity or exceeds its firm or non-firm reserved capacity at any point of receipt or any point of delivery will be assessed UUP.

The penalty charge for a transmission customer who engages in unreserved use is 200 percent of Western's approved transmission service rate for PTP transmission service assessed as follows: (1) the UUP for a single hour of unreserved use will be based upon the rate for daily firm PTP service; (2) the UUP for more than one assessment for a given duration (e.g., daily) will increase to the next longest duration (e.g., weekly); and (3) the UUP for multiple instances of unreserved use (e.g., more than 1 hour) within a day will be based on the rate for daily firm PTP service. The penalty charge for multiple instances of unreserved use isolated to one-calendar week would result in a penalty based on the charge for weekly firm PTP service. The penalty charge for multiple instances of unreserved use during more than one week within a calendar month is based on the charge for monthly firm PTP service.

The UUP will not apply to transmission customers utilizing PTP transmission service under Western's Open Access Transmission Tariff (OATT) as a result of action taken to support reliability. Such actions include reserve activations or uncontrolled event response as directed by the responsible reliability authority such as Sub-Balancing Authority, Host Balancing Authority (HBA), Reliability Coordinator, or Transmission Operator.

A transmission customer that exceeds its firm or non-firm reserved capacity is required to

pay for all ancillary services identified in Western's OATT associated with the unreserved use of transmission service. The transmission customer or eligible customer will pay for ancillary services, in accordance with existing rate schedules, based on the amount of transmission service it used but did not reserve.

The UUP collected over and above the base PTP rate will be distributed to customers as a credit on future transmission revenue requirements.

Component 2:

Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or rate schedule accepted or approved by the Federal Energy Regulatory Commission (FERC) or other regulatory bodies will be passed on to each relevant customer. The FERC's or other regulatory bodies' accepted or approved charges or credits apply to the service to which this rate methodology applies. When possible, Western will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner Western is charged or credited. If FERC's or other regulatory bodies' accepted or approved charges or credits cannot be passed through directly to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the penalty rate.

Component 3:

Any charges or credits from the HBA applied to Western for providing this service will be passed through directly to the relevant customer in the same manner Western is charged or credited to the extent possible. If the HBA's costs or credits cannot be passed through to the relevant customer in the same manner Western is charged or credited, the charges or credits will be passed through using Component 1 of the penalty rate.

Billing:

The UUP will be billed monthly under the formula rate.

Adjustments for losses:

All losses incurred for delivery of power under this rate schedule shall be the responsibility of the customer that received the power.

Adjustment for Audit Adjustments:

Financial audit adjustments that apply to the formula rate will be evaluated on a case-by-case basis to determine the appropriate treatment for repayment and cash flow management.