

**WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA REGION**



**Proposed Formula  
Rates for the  
Central Valley  
Project  
Energy Imbalance  
Market Service, Sale  
of Surplus Products,  
and Revisions to  
Existing Energy  
Imbalance and  
Generator Imbalance  
Rate Schedules  
Rate Order No.  
WAPA-194**

**Customer Brochure  
July 2020**



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*<https://www.wapa.gov/regions/SN/rates/Pages/Rate-Case-2021-WAPA-194.aspx>*



# Table of Contents

<b>I. INTRODUCTION .....</b>	<b>4</b>
BACKGROUND FOR RATE ADJUSTMENT .....	4
PROJECT DESCRIPTION AND RATE HISTORY .....	5
INFORMAL MEETINGS AND PRESENTATIONS .....	6
<b>II. PROPOSED TIMELINE .....</b>	<b>7</b>
<b>III. PROPOSED FORMULA RATE SCHEDULES FOR ENERGY IMBALANCE MARKET.....</b>	<b>8</b>
EIM ADMINISTRATIVE SERVICE CHARGES, CV-EIM1S .....	8
EIM ENERGY IMBALANCE SERVICE, CV-EIM4S .....	9
EIM GENERATOR IMBALANCE, CV-EIM9S .....	9
BANC EIM ENTITY SETTLEMENT ALLOCATION SUMMARY TABLE .....	11
<b>IV. PROPOSED REVISIONS TO EXISTING ENERGY IMBALANCE AND GENERATOR IMBALANCE RATE SCHEDULES.....</b>	<b>14</b>
ENERGY IMBALANCE SERVICE, CV-EID5 .....	14
GENERATOR IMBALANCE SERVICE, CV-GID2.....	14
<b>V. PROPOSED SALE OF SURPLUS PRODUCTS RATE SCHEDULE.....</b>	<b>15</b>
SALE OF SURPLUS PRODUCTS, CV-SSP1.....	15
<b>VI. ENERGY IMBALANCE MARKET COST ALLOCATION.....</b>	<b>16</b>
EIM MARKET COST ALLOCATION METHODOLOGY.....	16
<b>VII. RATE ADJUSTMENT PROCEDURES .....</b>	<b>17</b>
PUBLIC PROCESS .....	17
REVISION AND/OR FINALIZATION OF PROPOSED FORMULA RATES.....	19
LEGAL AUTHORITY .....	19
FERC’S APPROVAL OF THE FORMULA RATES .....	20
<b>VIII. RATEMAKING PROCEDURE REQUIREMENTS .....</b>	<b>21</b>
ENVIRONMENTAL COMPLIANCE .....	21
DETERMINATION UNDER EXECUTIVE ORDER 12866 .....	21
<b>APPENDIX A - PROPOSED RATE SCHEDULES .....</b>	<b>22</b>
RATE SCHEDULE CV-EIM1S .....	22
RATE SCHEDULE CV-EIM4S .....	25
RATE SCHEDULE CV-EIM9S .....	28
RATE SCHEDULE CV-EID5 .....	31
RATE SCHEDULE CV-GID2.....	34
RATE SCHEDULE CV-SSP1.....	38



## I. Introduction

### *Background for Rate Adjustment*

Western Area Power Administration (WAPA) Sierra Nevada Region (SN) proposes new formula rates for California Independent System Operator's (CAISO) Energy Imbalance Market (EIM) and Central Valley Project's (CVP) Sale of Surplus Products (SSP) and revisions to the existing Energy Imbalance (EI) and Generator Imbalance (GI) rate schedules for the CVP. The new rates are associated with two events: participation in the CAISO EIM and aligning CVP's SSP with other WAPA regions.

To accommodate WAPA-SN's participation in EIM as a Transmission Provider within the Balancing Authority of Northern California (BANC) Balancing Authority Area (BAA), WAPA-SN is proposing new formula rate schedules for: 1) EIM Administrative Service (CV-EIM1S), 2) EIM EI Service (CV-EIM4S), and 3) EIM GI Service (CV-EIM9S). WAPA-SN is planning to participate in the EIM through BANC as the Balancing Authority and EIM Entity for the WAPA-SN Sub-Balancing Authority Area (Sub-BAA). EIM settles EI and GI services differently than WAPA-SN's existing rate schedules for similar services.

In EIM, CAISO economically dispatches energy under its EIM Tariff to meet the imbalances for loads and resources over multiple BAAs. CAISO provides a centralized, automated, and region-wide dispatch for imbalances. The proposed new EIM Administrative Services formula rates would allow WAPA to pass through administrative costs incurred by WAPA resulting from its participation in EIM as a Transmission Provider. The proposed new formula rates and cost allocation for Administrative, EI service and GI service would be in effect when WAPA-SN is participating in the EIM and to the extent WAPA-SN incurs associated settlements during market suspension or contingency.

In no relation to EIM, WAPA-SN proposes revising existing rate schedules for EI services (CV-EID4) and GI services (CV-GID1). WAPA-SN proposes to settle EI services financially rather than with energy.

In addition to the changes to accommodate EIM, WAPA-SN is proposing a new rate schedule for the sale of surplus products (CV-SSP1) to make its practices consistent with other WAPA regions. This new formula rate would be for the sale of surplus energy and capacity products such as energy, regulation, reserves, frequency response, and resource sufficiency.

The proposed rates will provide WAPA-SN with sufficient revenue to recover annual Operation, Maintenance and Replacement (OM&R) expenses, interest expense, aid to irrigation, and capital repayment requirements while ensuring repayment of the project within the cost recovery criteria set forth in Department of Energy (DOE) Order



Resource Application 6120.2.

The structure of proposed formula rate includes three components: 1) Component one is the formula rate or penalty, 2) Component two is the regulatory charges or credits passed through to relevant customer when possible or through component one, and 3) Component three is the Balance Authority charges or credits passed through to relevant customer when possible or through component one.

WAPA-SN's proposed formula rates would go into effect on April 1, 2021 and remain in effect until December 31, 2024, or until WAPA-SN changes the formula rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.

### ***Project Description and Rate History***

The CVP in California's Central Valley was reauthorized in 1937. WAPA-SN's markets generation from 11 powerplants, consisting of 38 hydroelectric generating units. The generating units have an installed capacity of 2,139 megawatts. Under WAPA-SN's 2004 Power Marketing Plan, WAPA-SN markets the CVP, a portion of the Pacific Northwest-Pacific Southwest Intertie, and the Washoe Project. The 2004 Marketing Plan ends on Dec. 31, 2024, and WAPA will replace it with the 2025 Marketing Plan. The CVP includes 956 circuit miles of high-voltage transmission lines.

Allocations made through power marketing plans of the CVP govern power sales. Each customer receives a percentage of the output of the CVP generation, referred to as a base resource allocation. The CVP generation will vary hourly, daily, monthly, and annually because it is subject to hydrological conditions and other constraints that may govern CVP operations. In addition, certain customers also receive additional power products to complement their base resource allocations. These additional power products supplement the base resource allocation and are provided through custom power contracts.

The Federal Energy Regulatory Commission approved the current formula-rate methodologies under Rate Order No. WAPA-156, effective Oct. 1, 2011, through Sept. 30, 2016. Then on July 14, 2016, FERC confirmed Rate Order No. WAPA-173, which extended these rates for a three-year period from Oct. 1, 2016, to Sept. 30, 2019. Then on July 10, 2019, FERC confirmed Rate Order No. WAPA-185, which extended these rates for a five-year period from Oct. 1, 2019 to Sept. 30, 2024. Schedule CV-F13 contains a Power Revenue Requirement that is allocated to all preference customers. For the period Oct. 1, 2019, through Sept. 30, 2020, the Power Revenue Requirement is \$66.8 million, a decrease of 7.9% from the Fiscal Year (FY) 2019 Power Revenue Requirement of \$74.7 million.

In FY 2019, the inflow to the four major CVP reservoirs (Folsom, New Melones, Shasta, and Trinity) was 14.64 million acre-feet, about 139.3% of the long-term average of 10.51 million acre-feet. As of Sept. 30, 2019, the combined storage of these four facilities was



8.23 million acre-feet or about 141% of average. Net generation totaled 4.95 billion kilowatt-hours (kWh).

WAPA-SN's requirements to support generation through power purchases decreased from 3,383,143 megawatt-hours (MWh) in FY 2018 to 2,625,411 MWh in FY 2019. In FY 2019 long-term power sales totaled 5.7 billion kWh and \$186 million, not including project use. These revenues were derived from: municipalities (15.4%), public utility districts (52.3%), federal agencies (15.2%), and others (17.1%). About 75% of CVP's firm power in FY 2019 was sold to five customers: Sacramento Municipal Utility District, City of Redding, Northern California Power Agency, Department of Energy–Bay Area Site Office and the University of California, Davis.

### ***Informal Meetings and Presentations***

WAPA-SN held four informal customer meetings with presentations via WebEx. Those presentations, questions, and responses can be found on SN Rate Case WAPA-194 website at <https://www.wapa.gov/regions/SN/rates/Pages/Rate-Case-2021-WAPA-194.aspx>.



## II. Proposed Timeline

May 11, 2020	Informal Customer Meeting
June 8, 2020	Informal Customer Meeting
June 25, 2020	Informal Customer Meeting
July 10, 2020	Informal Customer Meeting
July 31, 2020	Federal Register Notice Published (Begins 90-day comment period)
Aug 17, 2020	Formal Customer Meeting & Public Comment Forum
Oct 29, 2020	90-Day Comment Period Ends
Feb 2021	FRN Published with Final Formula Rates
April 1, 2021	New Formula Rates in Effect
TBD	FERC's Final Approval of the Formula Rates



### **III. Proposed Formula Rate Schedules for Energy Imbalance Market**

#### ***EIM Administrative Service Charges, CV-EIM1S***

WAPA-SN proposes a new rate schedule, CV-EIM1S. This rate would apply under Schedule 1S of the WAPA Open Access Transmission Tariff. Rates under CV-EIM1S would apply when WAPA-SN, as Transmission Provider, is participating in EIM and when EIM has not been suspended. EIM Administrative service and associated rates would apply in addition to the services provided under rate Schedule 1 of the WAPA Tariff, which are incorporated in existing WAPA-SN transmission service rates. To the extent WAPA-SN incurs EIM Administrative service related charges during periods of market suspension or contingency, as described in Section 11 of Attachment S to the WAPA Tariff, Schedule 1S and CV-EIM1S shall also apply to ensure that WAPA-SN, as Transmission Provider, remains revenue-neutral for its participation in EIM.

EIM Administrative Service recovers the administrative costs for participating in the EIM by WAPA-SN as a Transmission Provider including, but not limited to, such administrative charges as may be incurred by WAPA-SN from CAISO as the EIM Market Operator (MO) and those MO charges passed through by BANC as the EIM Entity.

Unless such charges are allocated to the Transmission Customer directly by BANC all Transmission Customers purchasing Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service, or Network Integration Transmission Service from WAPA-SN would be required to acquire EIM Administrative Service from WAPA-SN.

Under the proposal, the CAISO's Administrative Service Charge, as defined in the MO Tariff, would be included in this rate. This rate also includes EIM administrative charges assessed to WAPA-SN by BANC. The new proposed formula rate for EIM Administrative Service Charge would be sub-allocated to WAPA-SN's Transmission Customers based on load ratio share for the time period in which -SN incurs EIM administrative costs.

WAPA-SN's costs for EIM start up, including software, hardware, or other features to implement EIM, would not be included as administrative costs under this schedule. WAPA-SN proposes to treat its startup costs for EIM under the cost allocations procedures discussed under the Energy Imbalance Market Cost Allocation heading below.



### ***EIM Energy Imbalance Service, CV-EIM4S***

WAPA-SN proposes a new rate schedule, CV-EIM4S. This rate would apply under Schedule 4S of the WAPA Tariff. Rates under CV-EIM4S would apply when WAPA-SN, as Transmission Provider, is participating in EIM and when EIM has not been suspended. In accordance with Section 11 of Attachment S to the WAPA Tariff, Schedule 4 of the WAPA Tariff would apply when WAPA-SN is not participating in EIM or when EIM has been suspended. To the extent WAPA-SN incurs EIM EI Service related charges from the EIM Entity during periods of market suspension or contingency, as described in Section 11 of Attachment S to the WAPA Tariff, Schedule 4S and CV-EIM4S would also apply to ensure that WAPA-SN, as Transmission Provider, remains revenue-neutral for its participation in the EIM.

EI Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within the WAPA-SN Sub-BAA. WAPA-SN offers this service when transmission service is used to serve load within the WAPA-SN Sub-BAA.

Unless subsequently imposed by CAISO as the MO as part of the MO Tariff and promulgated by WAPA through rate proceedings, there would be no incremental transmission charge assessed for transmission use related to the EIM. Transmission Customers must have transmission service rights, as set forth in Attachment S of WAPA's Tariff.

The formula rate for EI service is the deviation of the Transmission Customer's metered load compared to the load component of the Base Schedule settled as Uninstructed Imbalance Energy (UIE) for the period of the deviation at the applicable Load Aggregation Point (LAP) price where the load is located.

Unless such charges are allocated to the Transmission Customer directly by BANC as the EIM Entity, a Transmission Customer would be responsible for any pass-through charges/credits associated with applicable EI service charges allocated to WAPA-SN, as Transmission Provider, for its participation in the EIM in accordance with this rate schedule. WAPA-SN would sub-allocate load charges based on a Transmission Customer's load ratio share.

### ***EIM Generator Imbalance, CV-EIM9S***

WAPA-SN proposes new rate schedule, CV-EIM9S. This rate would apply under Schedule 9S of the WAPA Tariff. Rates under CV-EIM9S would apply when WAPA-SN, as Transmission Provider, is participating in EIM and when EIM has not been suspended. In accordance with Section 11 of Attachment S to the WAPA Tariff, Schedule 9 of the WAPA Tariff would apply when WAPA-SN is not participating in the EIM and when the EIM has been suspended. To the extent WAPA-SN incurs EIM GI



service related charges from the EIM Entity during periods of market suspension or contingency, as described in Section 11 of Attachment S to the WAPA Tariff, Schedule 9S and CV-EIM9S would also apply to ensure WAPA-SN, as Transmission Provider, remains revenue-neutral for its participation in EIM.

GI Service is provided when a difference occurs between the output of a generator that is not an EIM Participating Resource located in the WAPA-SN Sub-BAA, as reflected in the resource component of the Transmission Customer Base Schedule, and the delivery schedule from that generator to (1) another BAA, (2) the BANC BAA, or (3) a load within the WAPA-SN Sub-BAA.

Unless subsequently imposed by CAISO as the MO as part of the MO Tariff and promulgated by WAPA-SN through rate proceedings, there would be no incremental transmission charge assessed for transmission use related to the EIM. Transmission Customers must have transmission service rights, as set forth in Attachment S of WAPA's Tariff.

WAPA-SN's formula rate for GI services does not have a direct rate complement for GI services for Non-Participating Resources. WAPA-SN expects all Participating Resources to directly settle with CAISO. However, if charges are allocated to the Transmission Customer directly by the EIM Entity, a Transmission Customer would be responsible for any pass-through charges/credits associated with applicable GI Service charges allocated to WAPA-SN, as Transmission Provider, for its participation in EIM, in accordance with this rate schedule. Such charges may include those due to operational adjustments of any affected Interchange. WAPA-SN would direct assign charges and/or sub-allocate charges based on the Transmission Customer's load ratio share. The EIM Entity does not allow Non-Participating Resources. In the event the EIM Entity modifies its procedures to allow Non-Participating Resources, WAPA-SN will update this rate.



**BANC EIM Entity Settlement Allocation Summary Table**

BANC Allocation Charge Code		BANC Allocation Basis	WAPA 1 <sup>st</sup> Tier Allocation	WAPA 2nd Tier Allocation		Allocation Granularity	Applicable Rate Schedule
				TPUD to BANC	Others		
100*	BANC Balancing Account	BANC Daily Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	N/A
101*	BANC PTB Charge	Custom Allocated or by default, Daily Load Ratio.	Load Ratio	Load Ratio	WAPA PRR	Daily	N/A
102*	BANC Miscellaneous Charge	Custom Allocated	Load Ratio	Load Ratio	WAPA PRR	Daily	N/A
2999	Default Invoice Interest Payment	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Monthly	4S
3999	Default Invoice Interest Charge	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Monthly	4S
4564	GMC-EIM Transaction Charge	BANC EIM Participant Hourly Load and Intertie Absolute Imbalance Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	1S
4575	Scheduling Coordinator Identification Charge	BANC EIM Participant Fixed Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Monthly	4S
5024	Invoice Late Payment Penalty	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
5025	Collateral Late Payment Penalty	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
5900	Shortfall Receipt Distribution	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
5901	Shortfall Receipt	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
5910	Shortfall Allocation	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
5912	Default Allocation	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
6045	Over-scheduling and Under-scheduling Charge	Hourly by Over/Under Scheduled Quantity	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
6046	Over and Under Scheduling Allocation	BANC EIM Participant Daily Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S

BANC Allocation Charge Code		BANC Allocation Basis	WAPA 1 <sup>st</sup> Tier Allocation	WAPA 2nd Tier Allocation		Allocation Granularity	Applicable Rate Schedule
				TPUD to BANC	Others		
6194	Spin Reserve Obligation	BANC EIM Participant Hourly Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
6196	Spin Reserve Neutrality Allocation	BANC EIM Participant Hourly Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
6294	Non- Spin Reserve Obligation	BANC EIM Participant Hourly Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
6296	Non- Spin Reserve Neutrality Allocation	BANC EIM Participant Hourly Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
66200	RT Bid Cost Recovery EIM Settlement	BANC EIM Participant Daily Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
64600	FMM Instructed Imbalance Energy EIM Settlement	Per participant specific FMM intertie activity	Direct Pass-Thru	N/A	Direct Pass-Thru	5 Minute	9S
64700	Real Time Instructed Imbalance Energy EIM Settlement	Per participant specific RTM intertie activity	Direct Pass-Thru	N/A	Direct Pass-Thru	5 Minute	9S
64740	Real Time Unaccounted for Energy EIM Settlement	First allocation to any member where meter data doesn't equal reported load and then second any remaining imbalance allocated to BANC EIM Participant Hourly Load Ratio.	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
64750	Real Time Uninstructed Imbalance Energy EIM Settlement	Allocated per member based on difference between reported load meter data and individually calculated load base schedule.	Load Ratio	TPUD to WAPA (PRR)	WAPA PRR	Hourly	4S
64770	Real Time Imbalance Energy Offset EIM	BANC EIM Participant Hourly Absolute Imbalance Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
6478	RT System Imbalance Energy Offset	BANC EIM Participant Hourly Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S

BANC Allocation Charge Code		BANC Allocation Basis	WAPA 1st Tier Allocation	WAPA 2nd Tier Allocation		Allocation Granularity	Applicable Rate Schedule
				TPUD to BANC	Others		
66780	Real Time Bid Cost Recovery Allocation EIM	BANC EIM Participant Hourly Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
67740	Real Time Congestion Offset EIM	BANC EIM Participant Hourly Absolute Imbalance Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
69850	Real Time Marginal Losses Offset EIM	BANC EIM Participant Hourly Absolute Imbalance Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
7070	Flexible Ramp Forecast Movement Settlement	BANC EIM Participant Hourly Load and Intertie Absolute Imbalance Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
7076	Flexible Ramp Forecast Movement Allocation	BANC Hourly Load Ratio	Load Ratio	Load Ratio	WAPA PRR	Hourly	4S
7077	Daily Flexible Ramp Up Uncertainty Award Allocation	BANC EIM Participant Daily Load and Intertie Absolute Imbalance Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
7078	Monthly Flexible Ramp Up Uncertainty Award Allocation	BANC EIM Participant Monthly Load and Intertie Absolute Imbalance Ratio	Load Ratio	Load Ratio	WAPA PRR	Monthly	4S
7087	Daily Flexible Ramp Down Uncertainty Award Allocation	BANC EIM Participant Daily Load and Intertie Absolute Imbalance Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
7088	Monthly Flexible Ramp Down Uncertainty Award Allocation	BANC EIM Participant Monthly Load and Intertie Absolute Imbalance Ratio	Load Ratio	Load Ratio	WAPA PRR	Monthly	4S
7989	Invoice Deviation Interest Distribution	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S
7999	Invoice Deviation Interest Allocation	BANC Cost Allocation Ratio	Load Ratio	Load Ratio	WAPA PRR	Daily	4S

## **IV. Proposed Revisions to Existing Energy Imbalance and Generator Imbalance Rate Schedules**

### ***Energy Imbalance Service, CV-EID5***

WAPA-SN proposes revising the existing rate schedule for EI services, CV-EID4, to settle the charges financially rather than with energy. The proposed component one modification to the EI schedule is: “EI service is applied to deviations as follows unless otherwise dictated by contract or policy: (1) deviations within the bandwidth will be tracked and settled financially at the greater of the California Independent System Operator market price or WAPA-SN’s actual cost.” The revised EI services rate schedule, CV-EID5, would remain in effect when the EIM has been suspended.

### ***Generator Imbalance Service, CV-GID2***

WAPA-SN proposes revising the existing rate schedule for GI services, CV-GID1, to settle charges financially rather than with energy. The proposed component one modification to the GI schedule is: “GI is applied to deviations as follows unless otherwise dictated by contract or policy: (1) deviations within the bandwidth will be tracked and settled financially at the greater of the California Independent System Operator market price or WAPA-SN’s actual cost.” The GI schedule further adds to component one: “to the extent that an entity incorporates intermittent resources, deviations will be charged as follows unless otherwise dictated by contract or policy: (1) deviations within the bandwidth will be tracked and settled financially at the greater of the California Independent System Operator market price or WAPA-SN’s actual cost.” The revised GI services rate schedule, CV-GID2, would remain in effect when the EIM has been suspended.



## V. Proposed Sale of Surplus Products Rate Schedule

### *Sale of Surplus Products, CV-SSP1*

WAPA-SN has traditionally marketed surplus products such as energy, regulation, and reserves through negotiated rates and under bilateral contracts. WAPA-SN is proposing to add a new rate schedule, CV-SSP1, to make WAPA-SN's practices consistent with other WAPA regions. This proposed rate would be for the sale of surplus energy and/or capacity products. This includes: (1) Energy, (2) Frequency Response, (3) Regulation, (4) Reserves, and (5) Resource Sufficiency. If any surplus products are available, WAPA-SN could make the product(s) available for sale, provided entities enter into separate agreement(s) that would specify the terms of sale(s).

WAPA-SN would determine the charge for each product at the time of sale to be the greater of WAPA-SN's cost or market rates to include transmission charges. WAPA-SN would use a separate agreement(s) to specify the terms of sale(s). The customer would be responsible for acquiring additional transmission service necessary to deliver the product(s), for which a separate charge may be incurred from the transmission provider. Revenues from the sale of surplus products will offset the CVP PRR.

WAPA-SN proposes to include two new products for sale: Frequency Response Reserve (FRR) and Resource Sufficiency. FRR is a new product requirement based on Reliability Standard BAL-003-1.1, as approved by North American Electric Reliability Corporation. FRR is used to serve load immediately in the event of a system contingency. Generating units that are on-line and generating at less than maximum output provide these reserves. FRR supplies capacity that is available immediately to serve load and is synchronized with the power system. BANC is implementing this requirement in April 2021, and WAPA-SN proposes inclusion of FRR in this proposed rate schedule.

Resource Sufficiency product supplies capacity for EIM balancing resources and load. WAPA-SN bids energy into the EIM market for immediate dispatch. Resource Sufficiency is not a spin or regulation product. It is a new product available to BANC EIM members as a balancing product. WAPA-SN's Merchant is responsible for and handles the supply of the product; as a result, WAPA-SN proposes adjustments to the EIM base schedule market submission.



## VI. Energy Imbalance Market Cost Allocation

### *EIM Market Cost Allocation Methodology*

WAPA-SN is proposing a cost allocation methodology for EIM implementation costs and ongoing EIM net charges and/or benefits to flow through to the CVP Power Revenue Requirement (PRR). WAPA-SN proposes BANC, WAPA-SN, and Reclamation EIM implementation costs be recovered over a period not to exceed three years. WAPA-SN has identified four separate categories to allocate ongoing charges and/or benefits: (1) conforming loads; (2) non-conforming loads; (3) small loads; and (4) statutory loads.

A conforming load is a type of load generally associated with a weather-based element, which is somewhat predictable based on given conditions. For conforming loads, WAPA-SN proposes to allocate the net EIM ongoing cost and/or net benefits to the CVP PRR.

A non-conforming load changes abnormally – such as a factory that consumes high demand intermittently. For non-conforming loads, WAPA-SN proposes to allocate the net EIM ongoing charges and/or benefits directly to the customer(s) with the non-conforming load(s), in accordance with WAPA-SN’s applicable business practice posted on its Open Access Same-time Information System, or at <http://www.oasis.oati.com/wasn/index.html>.

For customers with loads less than one megawatt and are too small to identify, WAPA-SN proposes to allocate EIM implementation costs and ongoing net charges and/or benefits to the CVP PRR. WAPA-SN proposes to assign load charges and/or benefits for those customers with statutory obligations, such as Project Use, to the CVP PRR. Under this proposal, customers with small loads or with statutory obligations will not directly pay nor benefit from EIM charges.



## VII. Rate Adjustment Procedures

### *Public Process*

The formal Public Consultation and Comment Period began with the publication of the Proposed Federal Register notice on July 31, 2020, and will end 90 days later, on October 29, 2020. A Public Information Forum will be held in which interested parties may consult with and obtain information from WAPA representatives about the rate proposals. A Public Comment Forum will be held in which interested persons may submit written or oral comments.

**The Public Information Forum will be held August 17, 2020, from 9 a.m. to 12 p.m. PDT**

During the Public Information Forum, WAPA will present a detailed explanation of the proposed formula rates. Questions not answered at the Public Information Forum will be answered in writing at least 15 days before the end of the Consultation and Comment Period.

**The Public Comment Forum will be held August 17, 2020, from 1 p.m. and will remain open until all comments are acknowledged, or no later than 4 p.m. PDT**

At the Public Comment Forum, interested persons may submit written or oral comments.

WAPA will conduct both the Public Information Forum and Public Comment Forum via WebEx. Instructions for participating in the forums via WebEx will be posted on WAPA's website at least 14 days prior to the public information and comment forums at <https://www.wapa.gov/regions/SN/rates/Pages/Rate-Case-2021-WAPA-194.aspx>.

WAPA will accept written comments any time during the consultation and comment period. Both the Public Information Forum and the Public Comment Forum will be recorded and transcribed.



All interested parties may submit written comments to WAPA-SN at any time during the Consultation and Comment Period. All comments must be received by WAPA-SN by the end of the comment period to be considered in the decision process. Written comments should be sent to:

Ms. Sonja Anderson  
Senior Vice President  
Sierra Nevada Regional Manager  
Western Area Power Administration  
114 Parkshore Drive  
Folsom, CA 95630

Comments may also be e-mailed to [SNR-RateCase@wapa.gov](mailto:SNR-RateCase@wapa.gov).  
For further information, please contact:

Ms. Autumn Wolfe  
Rates Manager  
Sierra Nevada Region  
Western Area Power Administration  
114 Parkshore Drive  
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e-mail: [SNR-RateCase@wapa.gov](mailto:SNR-RateCase@wapa.gov)



## ***Revision and/or Finalization of Proposed Formula Rates***

After the Consultation and Comment Period has expired and WAPA-SN has conducted a thorough review of oral and written comments, WAPA-SN may revise the Proposed Formula Rate(s). If WAPA's Administrator decides that further public comment on the revised Proposed Formula Rate(s) should be solicited, a second Consultation and Comment Period may be initiated. In that event, one or more additional meetings may be convened.

## ***Legal Authority***

Existing DOE procedures for public participation in power and transmission rate adjustments (10 CFR part 903) were published on September 18, 1985, and February 21, 2019.<sup>1</sup> The proposed action constitutes a minor rate adjustment, as defined by 10 CFR 903.2(e). In accordance with 10 CFR 903.15(a) and 10 CFR 903.16(a), WAPA will hold public information and public comment forums for this rate adjustment. WAPA will review and consider all timely public comments at the conclusion of the consultation and comment period and make amendments or adjustments to the proposal as appropriate.

WAPA is establishing the formula rates for CVP in accordance with section 302 of the DOE Organization Act (42 U.S.C. 7152). This Act transferred to, and vested in, the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation (Reclamation) under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to WAPA's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to FERC. By Delegation Order No. 00-002.00S, effective January 15, 2020, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary of Energy. By Redelegation Order No. 00-002.10E, effective February 14, 2020, the Under Secretary of Energy further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. By Redelegation Order No. 00-002.10-5, effective July 8, 2020, the Assistant Secretary for Electricity further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA's Administrator. This rate action is issued under Redelegation Order No. 00-

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<sup>1</sup> 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).



002.10-05 and Department of Energy (DOE) procedures for public participation in rate adjustments set forth at 10 CFR part 903.

Following the end of the Consultation and Comment Period(s), WAPA will finalize development of the Proposed Formula Rates. The decision and an explanation of the principal factors leading to the decision will be announced in the *Federal Register*. WAPA proposes to place the proposed formula rates into effect on April 1, 2021.

### ***FERC's Approval of the Formula Rates***

WAPA will submit all information concerning the Provisional Formula Rates to FERC and request approval of the methodologies used in their development. FERC may then confirm and approve the submittal, remand it to WAPA, or disapprove the submittal.



## VIII. Ratemaking Procedure Requirements

### *Environmental Compliance*

In compliance with the National Environmental Policy Act (NEPA) of 1969, 42 U.S.C. 4321-4347; the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021), WAPA is in the process of determining whether an environmental assessment or an environmental impact statement should be prepared or if this action can be categorically excluded from those requirements.

### *Determination Under Executive Order 12866*

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.



## Appendix A - Proposed Rate Schedules

Rate Schedule CV-EIM1S

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

#### CENTRAL VALLEY PROJECT

#### SCHEDULE OF RATE FOR ENERGY IMBALANCE MARKET ADMINISTRATIVE SERVICE CHARGE

Effective:

April 1, 2021, through December 31, 2024.

Available:

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

Applicable:

This rate would apply to WAPA-SN customers when WAPA, as Transmission Provider, is participating in EIM and when EIM has not been suspended. To the extent WAPA incurs EIM Administrative service related charges from the EIM Entity during periods of market suspension or contingency this schedule would also apply to ensure WAPA, as Transmission Provider, remains revenue neutral for its participation in EIM.

Character and Conditions of Service:

EIM Administrative Service recovers the administrative costs for participating in the EIM by WAPA-SN as a Transmission Provider, including but not limited to such administrative charges as may be incurred by WAPA-SN from CAISO as the EIM Market Operator (MO) and/or Balancing Authority of Northern California (BANC) as the



EIM Entity.

Unless such charges are allocated to the Transmission Customer directly by BANC, all Transmission Customers purchasing Long-Term Firm Point-to-Point Transmission Service, Short-Term Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service, or Network Integration Transmission Service from WAPA-SN shall be required to acquire EIM Administrative Service from WAPA-SN.

Under the proposal, CAISO's Administrative Service Charge, as defined in the MO Tariff, is included in this rate. This rate also includes administrative charges assessed to WAPA-SN by the BANC based on net energy load within the WAPA-SN Sub-Balancing Authority Area.

Formula Rate:

The formula rate for EIM Administrative Charge includes three components:

Component 1:

The EIM Administrative Service Charge shall be sub-allocated to WAPA-SN's Transmission Customers based on load ratio share for the time period in which WAPA-SN incurs EIM administrative costs.

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, WAPA-SN will pass through directly to the relevant customer FERC's or other



regulatory bodies' accepted or approved charges or credits in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the Host Balancing Authority (HBA) applied to WAPA-SN for providing this service will be passed through directly to the relevant customer in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Billing:

Billing will occur monthly.

Adjustment for Audit Adjustments:

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



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

**CENTRAL VALLEY PROJECT**

**SCHEDULE OF RATE FOR ENERGY IMBALANCE MARKET ENERGY  
IMBALANCE SERVICE**

Effective:

April 1, 2021, through December 31, 2024.

Available:

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

Applicable:

This rate would apply to WAPA-SN customers receiving Energy Imbalance (EI) service when WAPA, as Transmission Provider, is participating in EIM and when EIM has not been suspended. To the extent WAPA incurs EIM EI service related charges from the EIM Entity during periods of market suspension or contingency this schedule would also apply to ensure WAPA, as Transmission Provider, remains revenue neutral for its participation in EIM.

Character and Conditions of Service:

EI Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within the WAPA-SN Sub-Balancing Authority Area (Sub-BAA). WAPA-SN offers this service when transmission service is used to serve load within the WAPA-SN Sub-BAA.



Unless subsequently imposed by CAISO as the Market Operator (MO) as part of the MO Tariff and promulgated by WAPA through rate proceedings, there shall be no incremental transmission charge assessed for transmission use related to the EIM. Transmission Customers must have transmission service rights, as set forth in Attachment S of WAPA's OATT.

Formula Rate:

The formula rate for EI service includes three components:

Component 1:

EI service is the deviation of the Transmission Customer's metered load compared to the load component of the Base Schedule settled as Uninstructed Imbalance Energy (UIE) for the period of the deviation at the applicable Load Aggregation Point (LAP) price where the load is located.

Unless such charges are allocated to the Transmission Customer directly by Balancing Authority of Northern California (BANC) as the EIM Entity, a Transmission Customer shall be responsible for any pass-through charges/credits associated with applicable EI Service charges allocated to WAPA-SN, as Transmission Provider, for its participation in the EIM, in accordance with this rate schedule. WAPA-SN will sub-allocate load charges based on a Transmission Customer's load ratio share.

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, WAPA-SN will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the Host Balancing Authority (HBA) applied to WAPA-SN for providing this service will be passed through directly to the relevant customer in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Billing:

Billing will occur monthly.

Adjustment for Audit Adjustments:

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



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

**CENTRAL VALLEY PROJECT**

**SCHEDULE OF RATE FOR ENERGY IMBALANCE MARKET GENERATOR  
IMBALANCE SERVICE**

Effective:

April 1, 2021, through December 31, 2024.

Available:

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

Applicable:

This rate would apply to WAPA-SN customers receiving Generator Imbalance (GI) service when WAPA, as Transmission Provider, is participating in EIM and when EIM has not been suspended. To the extent WAPA incurs EIM GI service related charges from the EIM Entity during periods of market suspension or contingency this schedule would also apply to ensure WAPA, as Transmission Provider, remains revenue neutral for its participation in EIM.

Character and Conditions of Service:

GI service is provided when a difference occurs between the output of EIM Non-Participating Resource located in the WAPA-SN Sub-Balancing Authority (Sub-BAA), as reflected in the resource component of the Transmission Customer Base Schedule, and the delivery schedule from that generator to (1) another BAA, (2) the Balancing Authority of Northern California (BANC) BAA, or (3) a load within the WAPA-SN Sub-



BAA.

Unless subsequently imposed by the CAISO as the Market Operator (MO) as part of the MO Tariff and promulgated by WAPA through rate proceedings, there shall be no incremental transmission charge assessed for transmission use related to the EIM.

Transmission Customers must have transmission service rights, as set forth in Attachment S of WAPA's OATT.

Formula Rate:

The formula rate for GI service includes three components:

Component 1:

Unless such charges are allocated to the Transmission Customer directly by BANC as the EIM Entity, a Transmission Customer shall be responsible for any pass-through charges/credits associated with applicable GI service charges allocated to WAPA-SN, as Transmission Provider, for its participation in EIM, in accordance with this rate schedule. Such charges may include those due to operational adjustments of any affected Interchange. WAPA-SN will direct assign charges and/or sub-allocate charges based on the Transmission Customer's load ratio share.

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, WAPA-SN will pass through directly to the relevant customer FERC's or other



regulatory bodies' accepted or approved charges or credits in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the Host Balancing Authority (HBA) applied to WAPA-SN for providing this service will be passed through directly to the relevant customer in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Billing:

Billing will occur monthly.

Adjustment for Audit Adjustments:

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



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

**CENTRAL VALLEY PROJECT**

**SCHEDULE OF RATE FOR ENERGY IMBALANCE SERVICE**

Effective:

October 1, 2011, through September 30, 2019. [Note: This rate schedule was extended by Rate Order No. WAPA-194 through December 31, 2024.]

Available:

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

Applicable:

To customers receiving Energy Imbalance (EI) service.

Character and Conditions of Service:

EI is provided when a difference occurs between the scheduled and the actual delivery of energy to a load within the Sub-Balancing Authority (SBA) over an hour or in accordance with approved policies and procedures. The deviation, in megawatts, is the net scheduled amount of energy minus the net metered (actual delivered) amount.

EI service uses the deviation bandwidth that is established in the service agreement or Interconnected Operations Agreements.

Formula Rate:

The formula rate for EI service includes three components:

Component 1:



EI service is applied to deviations as follows unless otherwise dictated by contract or policy: (1) deviations within the bandwidth will be tracked and settled financially at the greater of the California Independent System Operator market price or WAPA-SN's actual cost; (2) negative deviations (under-delivery), outside the deviation bandwidth, will be charged the greater of 150 percent of the California Independent System Operator market price or 150 percent of WAPA-SN's actual cost; and (3) positive deviations (over-delivery) outside the deviation bandwidth will be lost to the system, except for any hour when WAPA-SN incurs a cost to dispose of the energy, then that cost will be borne by the responsible party.

Deviations that occur as a result of actions taken to support reliability will be resolved in accordance with existing contractual requirements. Such actions include reserve activations or uncontrolled event responses as directed by the responsible reliability authority such as SBA, Host Balancing Authority (HBA), Reliability Coordinator, or Transmission Operator.

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, WAPA-SN will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the HBA applied to WAPA-SN for providing this service will be passed through directly to the relevant customer in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Billing:

Billing for negative deviations outside the bandwidth, or as otherwise required, will occur monthly.

Adjustment for Audit Adjustments:

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



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

**CENTRAL VALLEY PROJECT**

**SCHEDULE OF RATE FOR GENERATOR IMBALANCE SERVICE**

Effective:

October 1, 2011, through September 30, 2019. [Note: This rate schedule was extended by Rate Order No. WAPA-194 through December 31, 2024.]

Available:

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

Applicable:

To generators receiving Generator Imbalance Service (GI).

Character and Conditions of Service:

GI is provided when a difference occurs between the scheduled and actual delivery of energy from an eligible generation resource within the Sub-Balancing Authority Area (Sub-BAA) over an hour or in accordance with approved policies. The deviation in megawatts is the net scheduled amount of generation minus the net metered output from the generator's (actual generation) amount.

GI is subject to the deviation bandwidth established in the service agreement or Interconnected Operations Agreements.

Formula Rate:

The formula rate for the GI has three components:



Component 1:

GI is applied to deviations as follows unless otherwise dictated by contract or policy:

(1) deviations within the bandwidth will be tracked and settled financially at the greater of the California Independent System Operator market price or WAPA-SN's actual cost; (2) negative deviations (under-delivery) outside the deviation bandwidth will be charged the greater of 150 percent of the California Independent System Operator market price or 150 percent of WAPA-SN's actual cost; and (3) positive deviations (over-delivery) outside the deviation bandwidth will be lost to the system, except for any hour when WAPA-SN incurs a cost to dispose of the energy, then that cost will be borne by the responsible party.

Deviations that occur as a result of actions taken to support reliability will be resolved in accordance with existing contractual requirements. Such actions include reserve activations or uncontrolled event responses as directed by the responsible reliability authority such as Sub-Balancing Authority, Host Balancing Authority (HBA), Reliability Coordinator, or Transmission Operator.

To the extent that an entity incorporates intermittent resources, deviations will be charged as follows unless otherwise dictated by contract or policy: (1) deviations within the bandwidth will be tracked and settled financially at the greater of the California Independent System Operator market price or WAPA-SN's actual cost; (2) negative deviations (under-delivery) outside the deviation bandwidth will be charged the greater of market price or actual cost (no penalty); and (3) positive deviations (over-delivery) outside the deviation bandwidth will be lost to the system, except for any hour where WAPA-SN incurs a cost, then that cost will be borne by the responsible party.



Intermittent generators serving load outside of WAPA-SN's Sub-BAA will be required to dynamically schedule or dynamically meter their generation to another Balancing Authority. An intermittent resource, for the limited purpose of these rate schedules, is an electric generator that is not dispatchable and cannot store its output, and therefore, cannot respond to changes in demand or respond to transmission security constraints.

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, WAPA-SN will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the HBA applied to WAPA-SN for providing this service will be passed through directly to the relevant customer in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.



Billing:

Billing for negative deviations outside the bandwidth will occur monthly.

Adjustment for Audit Adjustments:

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



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

**CENTRAL VALLEY PROJECT**

**SCHEDULE OF RATE FOR SALE OF SURPLUS PRODUCTS**

Effective:

April 1, 2021, through December 31, 2024.

Available:

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

Applicable:

To WAPA-SN customers participating in the Sale of Surplus Products.

Character and Conditions of Service:

Sale of Surplus Products occurs when there is a sale of surplus energy and/or capacity products. This includes: (1) Energy, (2) Frequency Response, (3) Regulation, (4) Reserves, and (5) Resource Sufficiency. If any of surplus products are available, WAPA-SN can make the product(s) available for sale, provided entities enter into separate agreement(s) which will specify the terms of sale(s).

Formula Rate:

The formula rate for Sale of Surplus Products service includes three components:

Component 1:

WAPA-SN shall determine the charge for each product at the time of sale to be the greater of WAPA-SN's cost or market rates, to include transmission charges. WAPA-SN



shall use a separate agreement(s) to specify the terms of sale(s). The customer may be responsible for acquiring additional transmission service necessary to deliver the product(s), for which a separate charge may be incurred from the transmission provider.

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, WAPA-SN will pass through directly to the relevant customer FERC's or other regulatory bodies' accepted or approved charges or credits in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Component 3:

Any charges or credits from the Host Balancing Authority (HBA) applied to WAPA-SN for providing this service will be passed through directly to the relevant customer in the same manner WAPA-SN 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 WAPA-SN is charged or credited, the charges or credits will be passed through using Component 1 of the formula rate.

Billing:



Billing will occur monthly.

Adjustment for Audit Adjustments:

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

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