

Sheryl A. Sweeney
Direct Line: 602-440-4824
Direct Fax: 602-257-6924
Email: ssweeney@rcalaw.com

July 9, 2012

Via Email post2017bcp@wapa.gov

Mr. Mike Simonton
Public Utilities Specialist
Desert Southwest Region
Western Area Power Administration
P. O. Box 6457
Phoenix, Arizona 85005

Re: Conformed Power Marketing Criteria for Boulder Canyon Project

Dear Mike:

These comments are submitted with regard to the Western Area Power Administration Conformed Power Marketing Criteria or Regulations for the Boulder Canyon Project published June 14, 2012 at *77 Fed. Reg.* 35671. They are submitted on behalf of Buckeye Water Conservation & Drainage District, Roosevelt Irrigation District, Maricopa County Municipal Water Conservation District Number One, Ocotillo Water Conservation District, Electrical District Number Six and Electrical District Number Seven.

First, let me say that Western did a very nice job in translating the Hoover Power Allocation Act of 2011 into the Conformed Criteria. My comments are intended to be for purposes of clarifying the Conformed Criteria.

1. Integrated Resource Planning

The Conformed Criteria contains the following statement:

“Each long-term power service contract entered into or amended shall contain provisions requiring the contractor to develop and implement energy conservation measures as demonstrated in integrated resource planning documents.”

As Western is aware, Section 114 of the Energy Policy Act of 1992 and 10 CFR Part 905 require certain customers purchasing electric energy under long-term firm power service

contracts with Western to implement integrated resource planning. Integrated resource planning is a planning process for new energy resources that evaluates the full range of alternatives, including new generating capacity, power purchases, energy conservation and efficiency, cogeneration and district heating and cooling applications, and renewable energy resources to provide adequate and reliable service to a customer's electric consumers. 10 CFR 905.11(a) (emphasis added).

Integrated resource planning does not require, as suggested by the language set forth in the Conformed Criteria, that the customer "develop and implement energy conservation measures." That is simply one of the alternatives that is evaluated as part of integrated resource planning.

The Conformed Criteria would be more accurate if written as follows:

"Each long-term power service contract entered into or amended shall contain provisions requiring the contractor to develop and implement ~~energy conservation measures as demonstrated in integrated resource planning documents.~~"

2. Navajo Generating Station

The Conformed Criteria also provides that PD-P, CAP and BCP projects will be operationally integrated to improve efficiency in accordance with the operational constraints of the Colorado River, hydro project power, applicable law, etc. In the 1984 Conformed Criteria, the "etc." language included a reference to the Navajo Generating Station. We are interested to learn why that reference was removed.

3. Unit Contingency

The Conformed Criteria also contains language regarding the nature of contingent capacity. As Western knows, BCP is a unit contingent project and while one unit may trip, other units in the plant are typically on-line and available to pick up the generation and reserves are therefore predictable, and arguably carried in the plant at most times. It would be helpful for those of us dealing with third-party control areas and reserve requirements if Western would include "unit" when describing BCP contingent capacity. Given the industry's challenges with reserves, it only makes sense to fully capture the true value out of these resources where they are valid and Western should examine how to help its customers retain the reserve value of these resources in the regional markets.

We suggest the following language change:

"Unit ~~C~~ontingent capacity is capacity that is normally available, except during either forced or planned outages, or unit de-ratings that

affect power plant capability. All BCP capacity shall be marketed by Western as unit contingent capacity to the contractors.”

4. **Reserves**

The Conformed Criteria contains the following two paragraphs:

“Each BCP contractor will be required to contractually agree to supply its own reserves for power that meet or exceed the Western Electricity Coordinating Council’s minimum reserve requirements.”

“Contracts offered shall contain the same material terms included in Section 5.6 of those long-term contracts for purchases from the Hoover Power Plant that were made in accordance with the Hoover Power Plant Act of 1984 and are in existence as of December 20, 2011, the enactment date of the Hoover Power Allocation Act of 2011. These provisions outline the use of generation by the contractor. Within the constraints of river operation, each BCP power contractor is permitted to schedule loaded and unloaded synchronized generation, the sum of which cannot exceed the amount of contingent capacity reserved for the individual contractor. To the extent that energy entitlements are not exceeded, such previously scheduled unloaded synchronized generation may be used for regulation, ramping, and spinning reserves through the use of a dynamic signal. These functions will be deployed by Western and the Bureau of Reclamation (Reclamation), in cooperation with the BCP power contractors, and implemented by contract through written operating or scheduling instructions. Energy used for the purpose of supplying unloaded synchronized generation to BCP power contractors will be accounted for on a monthly basis, and will be supplied by the individual contractors through reductions in energy deliveries, in subsequent months, or as otherwise mutually agreed by Western and the contractor, as specified in the power contracts.”

We think that it is important that these two provisions be read together. That is, the requirement for the contractor to provide reserves arises only after the contractor takes advantage of the Section 5.6 scheduling opportunities. Ideally, the short paragraph quoted above would be moved to immediately follow the longer paragraph quoted above and revised as follows:

“Each BCP contractor will be required to contractually agree to supply its own reserves for power that meet or exceed the Western Electricity Coordinating Council’s minimum reserve requirements, after taking

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into account the Section 5.6 scheduling opportunities, described above.”

5. Repayable Advances

Finally, the Conformed Criteria also provides as follows:

“Any new allottees or existing contractors with an increased allocation shall be required to pay a pro rata share of Hoover Dam repayable advances paid for by contractors prior to October 1, 2017.” (emphasis added)

The Hoover Power Allocation act of 2011 does not include language requiring existing contractors with an increased allocation to make such payments. What is Western’s rationale for including this requirement in the Conformed Criteria?

We understand that Western did not contemplate revising and republishing the Conformed Criteria. If Western chooses not to revise and republish, we would appreciate a written response from Western regarding the points raised in this letter.

Thank you for your consideration of our clarifications.

Very truly yours,



Sheryl A. Sweeney

c: Ed Gerak
Donovan Neese
Jeff Woner
Jim Sweeney
Glen Vortherms
Jim Wales
Bill Van Allen
R. D. Justice
Ken Saline
Bob Lynch
Jay Moyes