

**WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION**



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 Final Version
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I. Introduction

Background for Rate Adjustment

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

WAPA's new formula rate schedules for: EIM Administrative Service (CV-EIM1S), EIM EI Service (CV-EIM4S), and EIM GI Service (CV-EIM9S), accommodate WAPA's participation in EIM as a Transmission Provider within the Balancing Authority of Northern California (BANC) Balancing Authority Area (BAA). WAPA will participate in the EIM through BANC as the Balancing Authority and EIM Entity for the WAPA Sub-Balancing Authority Area (Sub-BAA). EIM settles EI and GI services differently than WAPA'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 new EIM Administrative Services formula rates will allow WAPA to pass through administrative costs incurred by WAPA resulting from its participation in EIM as a Transmission Provider. The Provisional Formula rates and cost allocation for Administrative, EI service and GI service will be in effect when WAPA is participating in the EIM and to the extent WAPA incurs associated settlements during market suspension or contingency.

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

In addition to the changes to accommodate EIM, WAPA's new rate schedule for the Sale of Surplus Products (CV-SSP2)¹ makes its practices consistent with other WAPA regions. This new formula rate will be for the sale of surplus energy and capacity products such as energy, regulation, reserves, frequency response, and resource sufficiency.

The Provisional Formula Rates along with existing effective formula rates provide WAPA with sufficient revenue to recover annual Operation, Maintenance and Replacement (OM&R) expenses, interest expense, aid to irrigation, and capital

¹ The Balancing Authority of Northern California accelerated the implementation date for Frequency Response Reserve, which is included under the Rate Schedule for SPP. To accommodate the schedule, WAPA implemented a short-term rate for SPP as CV-SSP1. This necessitated a change in numbering from proposed Rate Schedule CV-SSP1 to final Rate Schedule CV-SSP2.



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 the Provisional Formula Rates is consistent with current formula rate schedules for WAPA. The rate schedules include 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's Provisional Formula Rates under rate schedules CV-EIM1S, CV-EIM4S, CV-EIM9S, and CV-SSP2 are effective on March 25, 2021, and will remain in effect through December 31, 2024, pending confirmation and approval by the Federal Energy Regulatory Commission (FERC) on a final basis or until superseded. The Provisional Formula Rates under rate schedules CV-EID5 and CV-GID2 are effective on the first day of the first full billing period after March 25, 2021, and will remain in effect through December 31, 2024, pending confirmation and approval by FERC on a final basis or until superseded.

Project Description and Rate History

As per WAPA's Annual Report's Statistical Appendix for fiscal year 2019, the CVP's narrative generally describes project and rate history. This report can be found at <https://www.wapa.gov/About/the-source/Pages/annual-reports.aspx>. The CVP in California's Central Valley was reauthorized in 1937. WAPA markets generation from 11 powerplants, consisting of 38 hydroelectric generating units. The generating units have an installed capacity of 2,139 megawatts. Under WAPA's 2004 Power Marketing Plan, WAPA markets the CVP, a portion of the Pacific Northwest-Pacific Southwest Intertie, and the Washoe Project through Dec. 31, 2024. The CVP includes 1,363 circuit miles of high-voltage transmission lines and transmission lines from the northern portion of the Pacific Northwest-Pacific Southwest Intertie.

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.

Formula-rate methodologies were approved by FERC in Rate Order No. WAPA-156, effective Oct. 1, 2011, through Sept. 30, 2016. 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. 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 current Power Revenue Requirements, rates and forecasted information, visit WAPA's website at <https://www.wapa.gov/regions/SN/rates/Pages/rates.aspx>.



II. 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	Public Information Forum & Public Comment Forum
Oct 29, 2020	90-Day Comment Period Ends
Dec 15, 2020	Informational Customer Meeting regarding Short Term Sale of Surplus Products
Feb 25, 2021	FRN Published with Final Formula Rates
March 25, 2021	New Formula Rates in Effect
TBD	FERC's Final Approval of the Formula Rates



III. Formula Rate Schedules for Energy Imbalance Market

EIM Administrative Service Charges, CV-EIM1S

WAPA's new rate schedule, CV-EIM1S, is applicable under Attachment S, Addendum 1, of WAPA's Tariff. CV-EIM1S will apply when WAPA, as Transmission Provider, is participating in EIM and when EIM has not been suspended. EIM Administrative Service and the associated rate will apply in addition to the services provided under Schedule 1 of WAPA's Tariff, which are incorporated in existing WAPA transmission service rates. To the extent WAPA incurs EIM Administrative Service related charges during periods of market suspension or contingency, as described in Attachment S, Section 11, of WAPA's Tariff, Schedule 1S and rate schedule CV-EIM1S will both apply to ensure that WAPA, as Transmission Provider, remains revenue-neutral for its participation in EIM.

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

Unless such charges are allocated to the Transmission Customer directly by the EIM Entity, 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 NITS from WAPA will be required to acquire EIM Administrative Service from WAPA.

The MO's Administrative Service charge, as defined in the MO's Tariff, will be included in CV-EIM1S. This rate also includes administrative charges assessed to WAPA by the EIM Entity based on net energy load within the WAPA Sub-BAA. The new formula rate for EIM Administrative Service Charge will be sub-allocated to WAPA's Transmission Customers based on load ratio share for the time-period in which WAPA incurs EIM administrative costs.

WAPA's costs for EIM start up, including software, hardware, and other features, to implement EIM, will not be included as administrative costs under this schedule. WAPA will allocate startup costs for EIM according to the cost allocation methodologies and procedures discussed under the Energy Imbalance Market Cost Allocation heading, below.

EIM Energy Imbalance Service, CV-EIM4S

WAPA's new rate schedule, CV-EIM4S for Energy Imbalance Service, is applicable under Schedule 4S of the Tariff. CV-EIM4S will apply when WAPA, as Transmission Provider, is participating in EIM and when EIM has not been suspended. In accordance with Attachment S, Section 11, of WAPA's Tariff, Schedule 4 of the Tariff will apply when WAPA is not participating in EIM or when EIM has been suspended. To the extent



WAPA incurs EIM EI Service related charges from the EIM Entity during periods of market suspension or contingency, as described in Attachment S, Section 11, of WAPA's Tariff, Schedule 4S and rate schedule CV-EIM4S will both apply to ensure that WAPA, as Transmission Provider, remains revenue-neutral for its participation in EIM.

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 Sub-BAA. WAPA offers this service when transmission service is used to serve load within the WAPA Sub-BAA.

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

The formula rate for EIM EI Service, CV-EIM4S, is the deviation of the Transmission Customer's metered load compared to the load component of the Transmission Customer Base Schedule settled as UIE for the period of the deviation at the applicable LAP price where the load is located.

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

EIM Generator Imbalance, CV-EIM9S

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 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 Sub-BAA. The EIM Entity does not allow EIM Non-Participating Resources.

WAPA's new rate schedule, CV-EIM9S, is applicable under Schedule 9S of the Tariff. CV-EIM9S will apply when WAPA, as Transmission Provider, is participating in EIM and when EIM has not been suspended. In accordance with Attachment S, Section 11, of WAPA's Tariff, Schedule 9 and CV-EIM9S will both apply when WAPA is not participating in the EIM and when the EIM has been suspended. To the extent WAPA incurs EIM GI Service-related charges from the EIM Entity during periods of market suspension or contingency, as described in Attachment S, Section 11, of WAPA's Tariff, Schedule 9S and CV-EIM9S will both apply to ensure that WAPA, as Transmission Provider, remains revenue-neutral for its participation in EIM.

Unless subsequently imposed by the MO as part of the MO Tariff and promulgated by WAPA through rate proceedings, there will be no incremental transmission charge



assessed for transmission use related to EIM GI Service. Transmission Customers must have transmission service rights, as set forth in Attachment S of the Tariff.

EIM GI Services does not have a direct rate component for EIM GI Services for EIM Non-Participating Resources. WAPA expects all EIM Participating Resources to directly settle with CAISO. However, if charges are allocated to the Transmission Provider by the EIM Entity, a Transmission Customer will be responsible for any pass-through charges/credits associated with applicable EIM GI Service charges allocated to WAPA, as Transmission Provider, for its participation in EIM, in accordance with CV-EIM9S. Such charges will be included due to operational adjustments of any affected interchange. WAPA will directly assign charges and/or sub-allocate charges based on the Transmission Customer's load ratio share. In the event the EIM Entity modifies its procedures to allow EIM Non-Participating Resources, WAPA will update CV-EIM9S.



BANC EIM Entity Settlement Allocation Summary Table

BANC Allocation Charge Code		BANC Allocation Basis	WAPA 1 st 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 st 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 1 st Tier	WAPA 2nd Tier Allocation		Allocation	

			Allocation	TPUD to BANC	Others	Granularity	Applicable Rate Schedule
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. Revisions to Existing Energy Imbalance and Generator Imbalance Rate Schedules

Energy Imbalance Service, CV-EID5

WAPA revised its existing rate schedule for EI Services, CV-EID4, to settle charges financially rather than with energy. Component one to the EI schedule states: “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’s actual cost.” The revised EI Services rate schedule, CV-EID5, will remain in effect when EIM has been suspended.

Generator Imbalance Service, CV-GID2

WAPA revised its existing rate schedule for GI Services, CV-GID1, to settle charges financially rather than with energy. Component one to the GI schedule states: “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’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’s actual cost.” The revised GI Services rate schedule, CV-GID2, will apply when EIM has been suspended.



V. Sale of Surplus Products Rate Schedule

Sale of Surplus Products, CV-SSP2

WAPA's new rate schedule, CV-SSP2, is applicable 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 may make the product(s) available for sale, provided entities enter into separate agreement(s), which will specify the terms of sale(s).

WAPA will determine the charge for each product at the time of sale to be the greater of WAPA's cost or market rates including transmission charges, as appropriate. WAPA may use a separate agreement(s) to specify the terms of sale(s). The customer will 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(s).

SSP includes two new products for sale: FRR and Resource Sufficiency. FRR is a new product requirement based on Reliability Standard BAL-003-1.1, as approved by NERC. 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 provides these reserves. FRR supplies capacity that is available immediately to serve load and is synchronized with the power system. BANC implemented this requirement in January 2021, and WAPA therefore will include this FRR service under rate schedule CV-SSP2.²

Resource Sufficiency product supplies capacity to aid with EIM balancing resources to load forecast, and flexible ramping for aid with EIM 15-minute ramp up or down. WAPA 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 or flexible ramping product. WAPA's Merchant handles the sale and bidding of the products in EIM, which may result in adjustments to the EIM Transmission Customer Base Schedule market submission or bid ranges.

² As discussed in footnote 1, BANC accelerated the implementation of FRR, which was originally scheduled to take effect in April 2021. WAPA proposed to include FRR service under the proposed rate for SSP, as discussed in the July 31, 2020, *Federal Register* notice. To accommodate BANC's accelerated schedule, WAPA implemented a rate for the short-term sale of SSP (which included FRR) CV-SSP-1, with an effective date of January 7, 2021. CV-SSP-2 will supersede CV-SSP-1.



VI. Energy Imbalance Market Cost Allocation

EIM Market Cost Allocation Methodology

WAPA's EIM cost allocation methodology for EIM implementation costs and net EIM ongoing charges and/or benefits will be allocated to the CVP PRR, with an exception for Non-Conforming Loads which will be directly charged to the customer. BANC's, WAPA's, and Reclamation's EIM implementation costs will be recovered over a period not to exceed three years. WAPA 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 will 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 will allocate the net EIM ongoing charges and/or benefits directly to the customer(s) with the Non-Conforming Load(s), in accordance with WAPA's applicable draft business practice, BP-44 "Energy Imbalance Market Settlements," posted on its OASIS, or at http://www.oasis.oati.com/woa/docs/WASN/WASNdocs/Energy_Imbalance_Market_Settlements_Clean_v1.1.pdf.

EIM implementation costs and net ongoing costs will be allocated to the CVP PRR for customers with small loads less than one MW. WAPA will assign load charges and benefits for those customers with statutory obligations, such as project use, to the CVP PRR. Customers with small loads or with statutory obligations will not directly pay nor benefit from EIM charges.



VII. Rate Adjustment Procedures

Informal Meetings and Presentations

WAPA held four informal customer meetings with presentations via WebEx. The agendas, 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>.

Public Forums

WAPA held one Public Information Forum and one Public Comment Forum via WebEx on August 17, 2020. The agendas, presentations, questions, responses, and transcripts 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>.

WAPA followed the Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR part 903, in developing these formula rates. WAPA took steps to involve interested parties in the rate process:

1. On July 31, 2020, a Federal Register notice (85 FR 46083) (Proposal FRN) announced the proposed formula rates and launched a 90-day public consultation and comment period.
2. On July 31, 2020, WAPA notified Preference Customers and interested parties of the proposed rates and provided a copy of the Proposal FRN.
3. On August 17, 2020, WAPA held a public information forum via WebEx. WAPA's representatives explained the proposed Formula Rates, answered questions, and gave notice that more information was available in the customer rate brochure.
4. On August 17, 2020, WAPA held a public comment forum via WebEx to provide an opportunity for customers and other interested parties to comment for the record.
5. WAPA provided a website that contains all dates, customer letters, presentations, FRNs, customer Rate Brochure, and other information about this rate process. Visit the Rate Case 2021 WAPA-194 website for more details.
6. During the 90-day consultation and comment period, which ended on October 29, 2020, WAPA received twelve oral comments and one written comment. The comments and WAPA's responses are addressed below. All comments have been considered in the preparation of this Rate Order.

Oral comments were received from the following organizations:

Balancing Authority of Northern California (BANC), California
University of California (UC) Davis, California
Northern California Power Agency (NCPA), California
Modesto Irrigation District (MID), California



Turlock Irrigation District (TID), California
City of Redding (REU), California

Written comments were received from the following organization:
Northern California Power Agency (NCPA), California

Legal Authority

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 the Western Area Power Administration's (WAPA) Administrator; (2) the authority to confirm, approve, and place into effect such rates 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 the Federal Energy Regulatory Commission (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. 00-002.10-05, 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. 00-002.10-05 and Department of Energy procedures for public participation in rate adjustments set forth at 10 CFR part 903.³

WAPA is establishing the formula rates for CVP in accordance with section 302 of the DOE Organization Act (42 U.S.C. 7152).⁴

Certification of Rates

WAPA's Administrator certifies that the Provisional Formula Rates for the CVP and services under Rate Schedules CV-EIM1S, CV-EIM4S, CV-EIM9S, CV-SSP2, CV-EID5, and CV-GID2 are the lowest possible rates, consistent with sound business principles. The Provisional Formula Rates were developed following administrative policies and applicable laws.

Availability of Information

Information about this rate adjustment, including the customer rate brochure,

³ 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

⁴ 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 Central Valley Project.



comments, letters, memorandums, and other supporting materials that were used to develop the Provisional Formula Rates, is available for inspection and copying at the Sierra Nevada Region, Western Area Power Administration, 114 Parkshore Drive, Folsom, California 95630. These documents are also available on WAPA's website at <https://www.wapa.gov/regions/SN/rates/Pages/Rate-Case-2021-WAPA-194.aspx>.



VIII. Ratemaking Procedure Requirements

Environmental Compliance

WAPA determined that this action fits within the class listed in Appendix B to Subpart D of 10 C.F.R. Part 1021.410: categorical exclusions applicable to B4.3, Electric power marketing rate changes, and B4.4, Power marketing services and activities, which do not require preparation of either an environmental impact statement (EIS) or an environmental assessment (EA).⁵ Specifically, WAPA has determined that this rulemaking is consistent with activities identified in B4, Categorical Exclusions Applicable to Specific Agency Actions (see 10 C.F.R. Part 1021, Appendix B to Subpart D, Part B4). A copy of the categorical exclusion determination is available on WAPA's website at <https://www.wapa.gov/regions/SN/environment/Pages/environment.aspx>.

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.

Submission to Federal Energy Regulatory Commission

The Provisional Formula Rates herein confirmed, approved, and placed into effect on an interim basis, together with supporting documents, will be submitted to FERC for confirmation and final approval.

⁵ The determination was done in compliance with the National Environmental Policy Act (NEPA) of 1969, as amended, 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).



Appendix A - 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:

March 25, 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 applies to WAPA-SN customers when WAPA-SN, as Transmission Provider, is participating in Energy Imbalance Market (EIM) and when EIM has not been suspended. To the extent WAPA-SN incurs EIM Administrative Service-related charges from the EIM Entity during periods of market suspension or contingency, this schedule also applies to ensure that WAPA-SN, as Transmission Provider, remains revenue-neutral for its participation in EIM.

Character and Conditions of Service:

EIM Administrative Service Charge 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 California Independent System Operator (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 Charge from WAPA-SN.

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 BANC based on net energy load within the WAPA-SN Sub-Balancing Authority Area.

Formula Rate:

The formula rate for EIM Administrative Service Charge includes three components:

Component 1:

The EIM Administrative Service Charge will 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. 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 charges 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:

March 25, 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 applies to WAPA-SN customers receiving Energy Imbalance (EI) Service when WAPA-SN, as Transmission Provider, is participating in Energy Imbalance Market (EIM) and when EIM has not been suspended. To the extent WAPA-SN incurs EIM EI Service-related charges from the EIM Entity during periods of market suspension or contingency, this schedule will also apply to ensure that WAPA-SN, 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 California Independent System Operator (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 Tariff.

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 Transmission Customer 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 will be responsible for any pass-through charges and/or 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. 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 charges 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:

March 25, 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 applies to WAPA-SN customers receiving Generator Imbalance (GI) Service when WAPA-SN, as Transmission Provider, is participating in Energy Imbalance Market (EIM) and when EIM has not been suspended. To the extent WAPA-SN incurs EIM GI Service-related charges from the EIM Entity during periods of market suspension or contingency, this schedule will also apply to ensure that WAPA-SN, 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 California Independent System Operator (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 Tariff.

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 and/or 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 will be included due to operational adjustments of any affected Interchange. WAPA-SN will directly 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. 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 charges 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:

The first day of the first full billing period after March 25, 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 customers receiving Energy Imbalance (EI) Service.

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 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 (CAISO) 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 CAISO 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, in which event the responsible party will bear that cost.

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. 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 charges 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:

The first day of the first full billing period after March 25, 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 generators receiving Generator Imbalance (GI) Service.

Character and Conditions of Service:

GI Service is provided when a difference occurs between the scheduled and actual delivery of energy from an eligible generation resource within the Sub-Balancing Authority (SBA), 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 Service is subject to the deviation bandwidth established in the service agreement or Interconnected Operations Agreements.

Formula Rate:

The formula rate for the GI Service has three components:



Component 1:

GI 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 (CAISO) 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 CAISO 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, in which event the responsible party will bear that cost.

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.

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 CAISO 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 SBA 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. 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 charges 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:

March 25, 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 the surplus products are available, WAPA-SN could make the product(s) available for sale, provided entities enter into separate agreement(s) which will specify the terms of the sale(s).

Formula Rate:

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

Component 1:

WAPA-SN will 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



will use a separate agreement(s) to specify the terms of sale(s). The customer may be responsible for acquiring additional transmission service if 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. 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 charges 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:



The formula rate above will be applied to the Sale of Surplus product(s) sold. 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.



Appendix B – Acronyms, Terms, and Definitions

As used in this Rate Order, the following acronyms, terms, and definitions apply.

<u>BA:</u>	As defined in WAPA’s OATT, is Balancing Authority and is the responsible entity that integrates resource plans ahead of time, maintains load Interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time.
<u>BAA:</u>	As defined in WAPA’s OATT, is Balancing Authority Area; the term Balancing Authority Area shall have the same meaning as “Control Area.”
<u>BANC:</u>	As defined in WAPA’s OATT, is Balancing Authority of Northern California (BANC). A joint powers authority that provides BA and other services to its members and other entities within the BAA. Members/entities of BANC may in turn provide transmission service to customers.
<u>Base Resource:</u>	As defined in Central Valley Project’s 2025 Marketing Plan, Base Resource is the Central Valley and Washoe Project power (capacity and energy) output determined by WAPA to be available for marketing, including the environmental attributes, after meeting the requirements of project use and first preference customers, and any adjustments for maintenance, reserves, system losses, and certain ancillary services.
<u>Transmission Customer Base Schedule:</u>	As defined in WAPA’s OATT, Attachment S, means Transmission Customers Base Schedule and is an energy schedule that provides Transmission Customer hourly-level forecast data and other information used as the baseline by which to measure Imbalance Energy for purposes of EIM settlement. The term “Transmission Customer Base Schedule” as used in this Tariff is synonymous with the term “EIM Participant Base Schedule” used in the EIM Entity’s business practices, and may refer collectively to the components of such schedule (resource, Interchange, Intrachange, and load



determined pursuant to the EIM Entity’s business practices) or any individual components of such schedule. This term is synonymous to “Base Schedule.”

CAISO: As defined in WAPA’s OATT, is the California Independent System Operator Corporation. A state-chartered, California, non-profit public benefit corporation that operates the transmission facilities of all CAISO participating transmission owners and dispatches certain generating units and loads. The CAISO is the MO for the EIM.

Capacity: As defined in Central Valley Project’s 2025 Marketing Plan, is the electric capability of a generator, transformer, transmission circuit, or other equipment.

Conforming Load: The term is not officially defined by CAISO at this time and will be addressed in the future. The following description reasonably aligns with the CAISO’s use of the term in defining load forecasting requirements under EIM: is the load that changes in a reasonably predictable, uniform manner that is environmentally driven. A conforming load has a load profile that is similar to the aggregated load profile. Due to conventional weather- and temperature-based patterns, conforming loads can be forecast with a high level of accuracy using historical and meteorological data.

CVP: As defined in Central Valley Project’s 2025 Marketing Plan, is Central Valley Project. The multipurpose Federal water development project extending from the Cascade Range in northern California to the plains along the Kern River south of the city of Bakersfield, California.

DOE: United States Department of Energy.

DOE Order RA 6120.2: Department of Energy Order outlining power marketing administration financial reporting and rate-making procedures.

EI Service: Energy Imbalance Service is an ancillary service



that provides for the difference between the scheduled and the actual delivery of energy to a load within the Transmission Provider's Sub-BAA.

EIM: As defined in CAISO's Business Practice Manual, means Energy Imbalance Market and is the rules and procedures in Section 29 of the CAISO Tariff governing the CAISO's operation of the Real-Time Market in BAAs outside of the CAISO BAA and the participation of EIM Market Participants in the Real-Time Market.

EIM Administrative Charge: As defined in CAISO's Business Practice Manual, is the fee imposed on transaction in the energy imbalance market as described in section 29.11(i)(1) of the CASIO Tariff.

EIM Entity: As defined in WAPA's OATT, Attachment S, is a BAA that enters into the MO's EIM Entity Agreement to enable the EIM to occur in its BAA. BANC is the EIM Entity for the BANC EIM Entity BAA. For the purposes of this Attachment S, the EIM Entity is the BANC EIM Entity or the entity selected by the BANC EIM Entity who is certified by the MO. WAPA SN participates in the CAISO Western EIM under the BANC EIM Entity.

EIM Participating Resource: As defined in WAPA's OATT, Attachment S, is a resource or a portion of a resource: (1) that meets the Transmission Provider's eligibility requirements; (2) has been certified by the BANC EIM Entity for participation in the EIM; and (3) for which the generation owner and/or operator enters into the MO's EIM Participating Resource Agreement and any agreements as may be required by BANC and/or the BANC EIM Entity.

EIM Non-Participating Resource: As defined on CAISO's website <https://www.westerneim.com/Documents/EIMTrack5-MeteringFAQ.pdf>, EIM Resource that does not participate in the Real-Time Market but is required to be identified in the EIM BAA for settling charges and payments related to nonparticipating load and nonparticipating resources.

Energy: As defined in Central Valley Project's 2025



Marketing Plan, is measured in terms of the work it is capable of doing over a period of time; electric energy is usually measured in kilowatt-hours or megawatt-hours.

FERC:

Federal Energy Regulatory Commission.

Firm Point-To-Point
Transmission Service:

As defined in WAPA’s OATT, is transmission service reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to Part II of the Tariff.

First Preference Customers/Entity:

As defined in Central Valley Project’s 2025 Marketing Plan, is a preference customer and/or a preference entity (an entity qualified to use, but not using, preference power) within a country or origin (Trinity, Calaveras, and Tuolumne) as specified under the Trinity River Division Act (69 Sta. 719) and the New Melones Project provisions of the Flood Control Act of 1962 (76 Stat. 1173, 1191-1192).

Frequency Response Reserve (FRR)
or (FR):

As defined in SMUD’s Operating Reserves OP-114, “NERC/WECC does not have an official definition for Frequency Response Reserve (FRR) yet. BANC is defining the FRR as an amount of reserve in MW that is synchronized to the system and can automatically respond to system frequency deviation. BANC in coordination with WAPA and SMUD procures and monitors sufficient FRR in both Day-Ahead scheduling process and Real-Time operations to ensure that BANC meet NERC Reliability Standard BAL-003-1.1 R1.”

FY:

Fiscal year; October 1 to September 30.

Generating Unit:

As defined in CAISO Tariff, is an individual electric generator and its associated plant and apparatus whose electrical output is capable of being separately identified and metered or a Physical Scheduling Plant that, in either case, is: located within the CAISO BAA (which includes a Pseudo-Tie of a generating unit to the CAISO BAA) or, for purposes of scheduling and operating



the Real-Time Market only, an EIM Entity BAA; connected to the CAISO Controlled Grid, either directly or via interconnected transmission, or distribution facilities or via a Pseudo-Tie; and capable of producing and delivering net Energy (Energy in excess of a generating station's internal power requirements).

GI Service:

Generator Imbalance Service is an ancillary service that provides for the difference between the output of a generator and the delivery schedule from that generator to: (1) another BAA, (2) the BANC BAA, or (3) a load within the Transmission Provider's Sub-BAA. GI Service during EIM participation is that associated with a generator that is not an EIM Participating Resource located in the Transmission Provider's Sub-BAA.

kW:

As defined in WAPA's 2025 Marketing Plan, is kilowatt. A unit measuring the rate of production of electricity; one kilowatt equals one thousand watts.

LAP:

Load Aggregation Point is a set of Pricing Nodes as specified in Section 27.2 of the CAISO Tariff that are used for the submission of Bids and Settlement of Demand.

Load Ratio Share:

As defined in WAPA's OATT, is the ratio of a Transmission Customer's Network Load to the Transmission Provider's total load computed in accordance with Sections 34.2 and 34.3 of the Network Integration Transmission Service under Part III of the Tariff and calculated on a rolling twelve month basis.

Long-Term Firm Point-To-Point Transmission Service:

As defined in WAPA's OATT, is Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of one year or more.

MO:

As defined in WAPA's OATT, Attachment S, is Market Operator. The entity responsible for operation, administration, settlement, and oversight of the EIM. The CAISO is the current MO of the EIM.



<u>MO Tariff:</u>	As defined in WAPA’s OATT, Attachment S, is those portions of the MO’s approved tariff, as such tariff may be modified from time to time, that specifically apply to the operation, administration, settlement, and oversight of the EIM.
<u>MW:</u>	As defined in Central Valley Project’s 2025 Marketing Plan, is a unit measuring the rate of production of electricity; one megawatt equals one million watts.
<u>NERC:</u>	The North American Electric Reliability Corporation.
<u>New Rate:</u>	As defined in WAPA’s OATT, means the modification of a Rate for transmission or ancillary services provided by the Transmission Provider which has been promulgated pursuant to the rate development process outlined in Power and Transmission Rates, 10 CFR part 903 (2006).
<u>NITS:</u>	Network Integration Transmission Service, as defined in WAPA’s OATT, is the transmission service provided under Part III of the Tariff.
<u>Non-conforming Load:</u>	The term is not officially defined by CAISO at this time and will be addressed in the future. The following description reasonably aligns with the CAISO’s use of the term in defining load forecasting requirements under EIM: is the load with unpredictable load pattern, e.g., pumps, industrial plants, etc., that makes it difficult for the CAISO model to accurately forecast. CAISO’s load forecasting model uses historical actual conforming load data and meteorological data determined necessary to accurately forecast the conforming load. When non-conforming load causes more than 5% deviation (hourly) from the total actual load, they should be modeled separately from the load that CAISO will forecast for the EIM Entity (the conforming load). This requirement is part of the EIM Readiness Criteria in accordance with CAISO Tariff section 29.2(b)(7)(A)(iv).

Non-Firm Point-To-Point



<u>Transmission Service:</u>	As defined in the Tariff, is Point-To-Point Transmission Service under the Tariff that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in Section 14.7 under Part II of the Tariff. Non-Firm Point-To-Point Transmission Service is available on a stand-alone basis for periods ranging from one hour to one month. The Transmission provider may offer Non-Firm Point-To-Point Transmission Service for periods longer than one month. If offered, the terms and conditions will be consistent with Part II of the Tariff and will be posted on the Transmission Provider’s OASIS.
<u>OASIS:</u>	As defined in WAPA’s OATT, is Open Access Same-Time Information System. The information system and standards of conduct contained in Part 37 of FERC’s regulations and all additional requirements implemented by subsequent FERC orders dealing with OASIS.
<u>OATT:</u>	The Open Access Transmission Tariff or ‘OATT’, including all schedules or attachments thereto, of the Transmission Provided as amended from time to time, and approved by the Commission.
<u>OM&R:</u>	Operation, Maintenance, and Replacements expense refers to the annual expense incurred for attending/servicing/replacement of power and transmission lines and facilities.
<u>Preference:</u>	As defined in Central Valley Project’s 2025 Marketing Plan, is the requirements of Reclamation Law that provide for preference in the sale of Federal power be given to certain entities, such as governments (state, Federal and Native American), municipalities and other public corporations or agencies, and cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 (<i>See, e.g.,</i> Reclamation Project Act of 1939, Section 9(c), 43 U.S.C. 485h(c)).
<u>Point-To-Point Transmission Service:</u>	As defined in WAPA’s OATT, is the reservation and transmission of capacity and energy on either a



firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under Part II of the Tariff.

Project Use: As defined in Central Valley Project's 2025 Marketing Plan, is power as defined by Reclamation Law and/or used to operate CVP and Washoe Project facilities.

Power: As defined in Central Valley Project's 2025 Marketing Plan, is capacity and energy.

Provisional Formula Rates: The formula rates confirmed, approved, and placed into effect on an interim basis by the Deputy Secretary of Energy or his designee.

PRR: Power Revenue Requirement is revenue required by the PRS to recover annual expenses (such as operation and maintenance, purchase power, transmission service expenses, interest, and deferred expenses) and repay Federal investments and other assigned costs.

PRS: Power Repayment Study, as defined in DOE Order RA 6120.2 and used for the rate adjustment period, is a tool used to determine if the projected power revenue for each project is adequate to meet the annual revenue requirement. The PRS is used to calculate how much revenue is needed to meet annual investment obligations, O&M expenses, and repayment requirements (including repayment periods).

Rate: As defined in WAPA's OATT, means the monetary charge or the formula for computing such a charge for any electric service provided a Transmission Provider as defined in 10 CFR part 903.

Rate Adjustment: As defined in WAPA's OATT, means a change in an existing rate or rates, or the establishment of a rate or rates for a new service. It does not include a change in rate schedule provisions or in contract terms, other than changes in the price per unit of service, nor does it include changes in the monetary charge pursuant to a formula stated in a rate schedule or a contract as defined in 10 CFR part



903.

Rate Formula Adjustment:

As defined in WAPA's OATT, means a change in an existing rate formula, or the establishment of a rate formula for a new service. It does not include updates to the monetary charge pursuant to a formula stated in a rate schedule or a contract.

Rate Brochure:

A document prepared for public distribution explaining the rationale and background for the information contained in this rate order.

Reclamation:

United States Department of the Interior; Bureau of Reclamation, and formerly the United States Reclamation Service.

Reclamation Law:

As defined in WAPA's 2025 Marketing Plan, refers to a series of Federal laws with a lineage dating back to the late 1800s. Viewed as a whole, those laws create the framework under which WAPA markets CVP power.

Regulation:

As defined in CAISO's Tariff, is the service provided either by resources certified by the CAISO as equipped and capable of responding to the CAISO's direct digital control signals, or by System Resources that have been certified by the CAISO as capable of delivering such service to the CAISO BAA, in an upward and downward direction to match, on a Real-Time basis, Demand and resources, consistent with established NERC and WECC reliability standards and any requirements of the Nuclear Regulatory Commission, or its successor. Regulation is used to control the operating level of a resource within a prescribed area in response to a change in system frequency, tie line loading, or the relation of these to each other so as to maintain the target system frequency and/or the established Interchange with other BAAs within the predetermined Regulation Limits. Regulation includes both an increase in Energy production by a resource or decrease in Energy consumption by a resource (Regulation Up) and a decrease in Energy production by a resource or increase in Energy consumption by a resource (Regulation Down). Regulation Up and Regulation Down are distinct



capacity products, with separately stated requirements and Ancillary Service Marginal Pricings in each Settlement Period.

Resource Sufficiency:

CAISO defines and proposes resource sufficiency evaluation require **all BAAs offer sufficient resources to meet their bid-in demand, reliability capacity to meet forecasted net load**, provide ramp capability to meet their 24-hour net demand variation, and their forecasted ancillary service and imbalance reserve requirements (adjusted for diversity benefit).

Short-Term Firm Point-To-Point Transmission Service:

As defined in WAPA's OATT, is Firm Point-To-Point Transmission Service under Part II of the Tariff with a term of less than one year.

Sub-BAA:

As defined in WAPA's OATT, is Sub-Balancing Authority Area. An electric power system operating within a host BAA that is bounded by meters and is responsible for BAA-like performance of generation, load, and transmission. WAPA-SN is a Sub-BAA within the BANC BAA.

Tariff:

As defined in WAPA's OATT, is the Open Access Transmission Tariff or 'OATT', including all schedules or attachments thereto, of the Transmission Provided as amended from time to time, and approved by the Commission.

TO:

As defined in WAPA's OATT, means Transmission Owner and is the entity that owns, leases or otherwise possesses an interest in the portion of the Transmission System at the Point of Interconnection and may be a Party to the Small Generator Interconnection Agreement to the extent necessary.

Transmission Customer:

As defined in WAPA's OATT, is any Eligible Customer (or its Designated Agent) that (i) executes a Service Agreement, or (ii) requests in writing that the Transmission Provider provide transmission service without a Service Agreement, pursuant to section 15.3 of the Tariff. This term is used in the Part I Common Service Provisions to include



customers receiving transmission service under Part II and Part III of this Tariff.

Transmission Provider:

As defined in WAPA's OATT, is the Regional Office of the WAPA that owns, controls, or operates the facilities used for the transmission of electric energy in interstate commerce and provides transmission service under the Tariff.

Transmission System:

As defined in WAPA's OATT, is the facilities owned, controlled, or operated by the Transmission Provider that are used to provide transmission service under Part II and Part III of the Tariff.

UIE:

As defined in WAPA's OATT, Attachment S, is Uninstructed Imbalance Energy. Settlement charges incurred by the Transmission Provider on behalf of Transmission Customers due to uninstructed deviations of supply or demand.

WAPA:

United States Department of Energy, Western Area Power Administration.

WAPA-SN:

United States Department of Energy, Western Area Power Administration, Sierra Nevada Region.

WECC:

The Western Electricity Coordinating Council.

Webex:

The Webex is an online secure by invite only meeting platform used by WAPA. The general Website is <https://doe.webex.com>.

Website:

WAPA's public online source for resources at <https://www.wapa.gov/regions/SN/rates/Pages/Rate-Case-2021-WAPA-194.aspx>.

