

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

CENTRAL VALLEY PROJECT

REGULATION AND FREQUENCY RESPONSE SERVICE

Effective:

October 1, 2024, through September 30, 2029, or until superseded, whichever occurs earlier.

Available:

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

Applicable:

To customers receiving Regulation and Frequency Response Service (Regulation).

Character and Conditions of Service:

Regulation is necessary to provide for the continuous balancing of resources and interchange with load and for maintaining scheduled interconnection frequency at 60-cycles per second. Regulation is accomplished by committing on-line generation whose output is raised or lowered, predominantly using automatic generating control equipment, as necessary, to follow the moment-by-moment changes in load.

Formula Rate:

The formula rate for regulation includes three components:

Component 1:

$$\text{Regulation Rate} = \frac{\text{Annual Regulation Revenue Requirement}}{\text{Annual Regulating Capacity kW}}$$

Where:

The annual regulation revenue requirement includes: (1) the Central Valley Project generation costs associated with providing regulation, and (2) the non-facility costs allocated to regulation; and is calculated by dividing the Generation Revenue Requirement by the prior year plant capacity usage times the Regulation capacity.

The annual regulating capacity is one-half of the total regulating capacity bandwidths provided by WAPA-SN under the Interconnected Operations Agreements with Sub-Balancing Authority (SBA) members.

The penalty for non-performance by an SBA customer who has committed to self-provision for their regulating capacity requirement will be the greater of 150 percent of WAPA-SN's actual costs or 150 percent of the market price.

WAPA-SN will revise the formula rate resulting from Component 1 based on either of the following two conditions: (1) updated financial data available in March of each year; or (2) a change in the numerator or denominator that results in a rate change of at least \$0.25 per kW month.

Component 2:

Any charges or credits associated with the creation, termination, or modification to any tariff, contract, or rate schedule accepted or approved by FERC or other regulatory body will be passed on to each relevant customer. The charges or credits apply to the service to which this rate methodology applies. When possible, WAPA-SN will pass through charges or credits directly to the customer in the same manner WAPA-SN is charged or credited. When not possible, the charges or credits will be passed through using Component 1 of the formula

Component 3:

Any charges or credits from the Host Balancing Authority for providing this service will be

passed on to each relevant customer. When possible, WAPA-SN will pass through charges and credits directly to the customer in the same manner WAPA-SN is charged or credited. When not possible, 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 regulating capacity bandwidth contained in the service agreement. Billing will occur monthly.

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.