

Western Area Power Administration (WAPA), Desert Southwest Region (DSW)

Proposed 2028 Parker-Davis Project Power Marketing Plan

Responses to Clarifying Questions

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Below are follow up responses to questions asked during the Proposed 2028 Parker-Davis Project (P-DP) Power Marketing Plan (Proposed 2028 Plan) Public Information Forum (PIF) and questions received during the public consultation and comment period, which ends on August 19, 2024. These responses are to provide clarity and to expand on descriptions of WAPA's Proposed 2028 Plan. During the public process, WAPA will endeavor to update this document if additional questions are received for which responses may help communicate the intent of the Proposed 2028 Plan. Responses are not provided in this document for comments or questions that propose alterations to the Proposed 2028 Plan or that ask for explanation of WAPA's decision process while developing the Proposed 2028 Plan. Those responses will be addressed in the Final 2028 Parker-Davis Project Power Marketing Plan (Final 2028 Plan), which WAPA intends to publish in a *Federal Register* notice in early 2025. Questions have been paraphrased, where appropriate, without compromising the meaning.

Question: Since Western is considering allocations of fractions of the resource, in some instances indicating less than a megawatt, what internal resources of WAPA will be made available to consult with allottees, both prospective and actual, on how best to integrate the allocation of the resource into their systems, consistent with the sound operation of the grid and with the policies of WAPA?

Response: As follow up to the answer already provided at the PIF and available in the transcript, WAPA would like to elaborate on the answer to this question. On October 30, 2023, WAPA held an informal meeting with potential new contractors. At that meeting WAPA explained that there may be challenges for potential new contractors that need to be evaluated when determining the value of a Federal hydropower allocation. Applicable bill crediting and benefit crediting partners will take into consideration what flexibility they have to schedule the resource and if the resource adds intrinsic value to their overall operations in addition to their own resources. They may also evaluate what hours of the day the Federal resource will be available to them and decide whether they will be able to schedule the Federal resource when prices are high or displace one of their own higher-cost resources to accommodate the Federal resource. They may not be able to offer a one-for-one credit on power bills, nor can a new contractor be certain whether the benefit crediting partner's benefit will always be greater than the cost of the Federal hydropower resource. Furthermore, it is important for potential new contractors to be aware of individual entity tariff or policy directives that may dictate such bill or benefit crediting arrangements beforehand.

Because each benefit crediting partner may value the Federal hydropower resource differently, determining whether the value of the Federal hydropower resource for a



new potential contractor is not straight forward. Entities interested in applying for a Federal hydropower allocation can start early to begin conversations with their utility, explore who is available to partner with that can provide an overall benefit, and do short-term and long-term analyses based on different hydrological conditions that projects benefits. Potential new contractors may also consider aggregating resources with another entity(s) to make the resource more attractive to a utility or benefit crediting partner. Aggregating can be difficult on the front-end when working out the contractual aspects of the arrangement, but in the long-term it may provide more benefits. If contractors are interested in having WAPA aggregate their resources, WAPA would evaluate the proposal on a case-by-case basis.

Question: Can you expand on the decision-making process around the resource pool? And what level of visibility will the public have into new applicants?

Response: As follow up to the answer already provided at the PIF and available in the transcript, WAPA would like to elaborate on the answer to this question. If WAPA determines to issue resource allocations to new allottees in the Final 2028 Plan, it will include in the same *Federal Register* notice a call for applications from preference entities interested in receiving an allocation of Federal power from P-DP. Qualified applicants must apply in response to the call for resource pool applications. The deadline for receipt of applications will be set forth in the notice. WAPA then would evaluate the applications, determine which applications meet the requirements of the Final 2028 Plan, and exercise its discretion, provided by law, to allocate power to certain eligible applicants. Proposed allocations to potential new contractors will be published in a *Federal Register* notice and the public will have an opportunity to comment. Subsequently, final new contractor allocations will be published in a *Federal Register* notice.

Question: WAPA proposes to forecast P-DP generation quarterly based on the 24-month study. Contractors can then purchase and schedule supplemental power. These schedules can be revised based on changes in generation forecasts. These schedule revisions must be made no later than the day before prescheduling takes place. Please let us know what this timetable is since there are monthly, daily and even hourly preschedules. After elections are made to both generation and supplemental power, can changes be made mid-month?

Response: Quarterly Energy would be made available through WAPA's portal for contractors by no later than the last day of August for October through December, the last day of November for January through March, the last day of February for April through June, and the last day of May for July through September, of each year during the marketing period. There may be instances when hydrogeneration projections significantly decrease after Quarterly Energy has been published and WAPA may need to revise contractors' energy for the month. Revised energy would be effective no later than one day prior to day-ahead prescheduling. As a new option for P-DP, WAPA is proposing to purchase energy on behalf of contractors, when requested, to supplement



projected hydropower generation, as a product called “Optional Energy.” Contractors must elect to purchase Optional Energy from WAPA no later than the day before day-ahead prescheduling takes place. Contractors may elect Optional Energy to supplement monthly revised energy reductions. WAPA will allow Contractors to change already scheduled Quarterly Energy and Optional Energy the day before day-ahead prescheduling takes place. Changes would be allowed up to the day before day-ahead prescheduling day. Our goal is to allow as much flexibility as possible, provided that all costs associated with Optional Energy would be passed through to the Contractor. The procedures for Optional Energy would be discussed and documented while developing final contract terms.

Question: Please provide an example of a “parent-child” relationship that would disqualify someone from being eligible to receive an allocation directly from WAPA. What is WAPA’s definition of “parent-child” relationship?

Response: WAPA’s [May 20, 2024, Proposed 2028 Plan](#), Section C3 included the following eligibility criteria for resource pool allocations: “Qualified applicants must not have an existing allocation of Federal power or be a member of a parent entity that has an allocation of Federal power.”

WAPA will evaluate applicant profile data to determine if the applicant already receives benefit of Federal hydropower either through a direct allocation from WAPA or benefit through another organizational structure such as a subsidiary, secondary entity, branch, division, section, or other similar framework. Given the variety of arrangements that can exist, WAPA will evaluate each application on a case-by-case basis when determining eligibility.

WAPA provided clarification regarding retail customers in a [December 16, 2005, Notice of final procedures](#) stating that “Retail customers of an electric service provider are not intended to be included in the definition of “member of a parent entity.”

An example of a parent-child relationship that may disqualify an applicant from being eligible for a P-DP allocation could be if an organization with an existing Federal hydropower allocation (parent) creates a secondary organization (child) that could not exist without the parent organization and that secondary organization applies for an allocation. To illustrate this example, assume a city receives a Federal hydropower allocation and the city’s parks department applies for an allocation. The parks department would be considered a child of the city and would not be eligible for a P-DP hydropower allocation under the current proposal.

Question: WAPA has a program in place for managing Renewable Energy Certificates (RECs) for the Boulder Canyon Project, offering contractors the opportunity to receive RECs or receive revenue generated from WAPA’s sale of those RECs. Is WAPA contemplating the same type of program for P-DP?



Response: WAPA is currently working on changing its REC policy. In the Desert Southwest region, it is our intention that P-DP RECs will be made available to contractors with similar flexibility offered to Boulder Canyon Project contractors, however, the end result for P-DP will need to be consistent with WAPA policy.

Question: Regarding the [May 20, 2024, Proposed 2028 Plan](#), Section C3, “Qualified applicants must not have an existing allocation of Federal power or be a member of a parent entity that has an allocation of Federal power.” Are Colorado River Storage Project (CRSP) and Hoover allocations considered existing Federal power allocations?

Response: WAPA’s Proposed 2028 Plan includes a resource pool for applicants without an existing Federal power allocation. Boulder Canyon Project and CRSP are Federal hydropower projects. Entities with existing Boulder Canyon Project or CRSP allocations do not meet the eligibility criteria for a P-DP allocation under the current proposal.

BELOW ARE CLARIFYING QUESTIONS ASKED AT THE PUBLIC COMMENT FORUM, JULY 19, 2024:

Question: WAPA was asked to what extent must WAPA purchase power to firm priority use power deliveries, and whether that purchase power cost is socialized amongst all customers or allocated only to priority use power customers.

Response: WAPA markets P-DP power in surplus to that reserved for priority use power (PUP). Therefore, purchases are only made to firm up for FES contractors, if necessary. As stated in the [May 20, 2024, FRN](#), Section II, Products and Services, “Under the Proposed 2028 Plan, available generation, less PUP (which would continue to be fixed on the same terms as under the existing marketing plan), would be published for contractors in the form of Quarterly Energy based on a pro rata share of their seasonal CROD.”

Question: WAPA was asked to clarify whether there is going to be a reduction in energy from current allocations to create a new resource pool or whether there will be a wholesale change in the energy allocations. Further, WAPA was asked whether it intends to allocate the energy similar to what has been done before, or is the energy going to fluctuate significantly as a matter of the customer entitlement?

Response: WAPA does not plan to deliver energy in the same way it has previously. Energy deliveries will be based on hydrogeneration projections which fluctuate. The [May 20, 2024, FRN](#), Section II, Products and Services, describes the current methodology for allocating energy, and further describes the proposal to offer amounts of energy based on the Bureau of Reclamation’s (Reclamation) 24-month generation study. WAPA provides an example *for illustrative purposes only* in the attached spreadsheet, which



shows potential Quarterly Energy calculations. Table 1 in the spreadsheet provides MWh energy allocations from the original 2008 contractor Exhibit As. Table 2 is estimated Quarterly Energy based on hydropower projections published in the July 2024 24-month generation study and distributed to FES contractors based on a pro rata share of their estimated seasonal Contract Rate of Delivery (CROD). Estimated seasonal CROD includes a 3.75 MW capacity upgrade at Davis powerplant and a 2% reduction to marketable capacity to create a resource pool. Table 3 identifies the difference in monthly energy by contractor comparing the Quarterly Energy estimates based on the Proposed 2028 Plan calculations and the original 2008 energy allocations. Table 4 provides the percent change for each FES contractor by month.

Question: WAPA was asked to clarify if there will be no appreciable reduction in capacity as was originally allocated in the 1987 *Federal Register* notice that allocated P-DP resources.

Response: WAPA will market P-DP power in surplus to that reserved for PUP. The allocation formula is described in the [May 20, 2024, FRN](#), Section III, A. Extension for Existing Contractors. The current P-DP firm electric service contracts have a marketed value of 259,206 kW of summer season capacity with associated energy and 198,337 kW of winter season capacity with associated energy. The overall marketable capacity of P-DP is expected to increase by approximately 3,750 kW due to an upgrade of a generating unit at Davis Dam in 2025. For the next marketing period, WAPA would extend 98% of the updated available marketable capacity to existing contractors. Then, 2% of the updated available marketable capacity would be made available to create a resource pool. The net impact to existing FES contractors would be less than a 1% reduction.

PROPOSED P-DP FES CROD	SUMMER (kW)	WINTER (kW)
Total P-DP FES current CROD	259,206	198,337
Additional marketable capacity*	3,750	3,750
Revised marketable capacity	262,956	202,087
FES CROD extended (98%)	257,697	198,045
Resource pool capacity (2%)	5,259	4,041
FES CROD percent reduction	0.58%	0.15%

* Expected Davis unit upgraded capacity.

Website / Resources

<https://www.wapa.gov/about-wapa/regions/dsw/pdpremarketing>



