

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

**ROCKY MOUNTAIN REGION
Loveland Area Projects**

INCREMENTAL MARKET EFFICIENCY USE SHARE
(Approved Under Rate Order No. WAPA-219)

Effective:

The first day of the first full billing period beginning on the later of the following events: (1) when the Western Area Power Administration - Rocky Mountain region (WAPA-RMR) officially becomes a member of, and transfers functional control of Loveland Area Projects (LAP) transmission facilities to, the Southwest Power Pool (SPP); or (2) the go-live date of the expansion of the SPP Regional Transmission Organization into the Western Interconnection (scheduled for April 1, 2026, as of the date of the approved Rate Order) and extending through March 31, 2031, or until superseded by another rate schedule, whichever occurs earlier. Notification of the actual effective date will be posted on WAPA-RMR's Rates website and on WAPA-RMR's Open Access Same-Time Information System (OASIS) website.

Applicable:

The Incremental Market Efficiency Use (IMEU) accounts for each Western Interconnection Direct Current (West DC) Tie Transmission Owner's expected loss of life of that owner's West DC Tie facilities due to increased utilization of the West DC Ties by the SPP Integrated Marketplace. WAPA-RMR's IMEU Share for the Sidney DC Tie will be calculated using the formula outlined below.

Formula Rate:

Define (for each Group of IMEU eligible Sidney DC Tie equipment):

A = Sidney DC Tie Gross Plant Impacted by IMEU (\$)

B = Average Service Life of Gross Plant Impacted by IMEU

C = Average Service Life Depreciation Rate of Gross Plant Impacted by IMEU (%)

D = Loss of Service Life Due to Market Use (%)

E = Decreased Average Service Life Depreciation Rate of Gross Plant Impacted by IMEU (%)

IMEU Share for each Group = $(E-C)*A$, where $1/B=C$, and where $1/(B*(1-D))=E$

F = Prior period true-up (\$)

Total IMEU Share = Sum of IMEU Share for all Groups + F

A recalculated IMEU Share will go into effect every January 1 based on the above formula and updated financial/criteria data. WAPA-RMR will annually notify SPP and make data and information available to interested parties for review and comment related to the recalculated IMEU Share on or shortly after September 1 of the preceding year. This data and information will be posted on the applicable SPP website and on WAPA-RMR's OASIS website.