



6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Salt Lake City Area Integrated Projects and Colorado River Storage Project 2025 General Power Marketing Criteria

AGENCY: Western Area Power Administration, Department of Energy (DOE).

ACTION: Notice of the Proposed 2025 Marketing Plan and announcement of public information and comment forums.

SUMMARY: Western Area Power Administration (Western), Colorado River Storage Project Management Center (CRSP MC), a Federal power marketing agency of the Department of Energy, is seeking comments on its Proposed 2025 Marketing Plan for the Salt Lake City Area Integrated Projects (SLCA/IP). The current SLCA/IP marketing plan will expire on September 30, 2024. The Proposed General Power Marketing Criteria provides the basis for marketing the long-term, firm hydroelectric resources of the SLCA/IP to be effective October 1, 2024. The Proposed General Power Marketing Criteria for the SLCA/IP are published herein. This **Federal Register** notice (FRN) formally initiates Western's public process and request for public comments. Western will prepare and publish the final 2025 General Power Marketing Criteria after public comments on the criteria are considered. The Energy Planning and Management Program as set forth in 10 CFR part 905 is not specifically applicable to the SLCA/IP; however, Western used the Power Marketing Initiative outlined in Subpart C for general guidance in developing a framework for this proposal. This FRN is not a call for applications. A call for applications from those interested in an allocation of SLCA/IP power will occur in a future notice.

DATES: A public information forum is scheduled for Thursday, January 14, 2016, from 11 a.m. to 1 p.m. MST at the Ramada Inn, 5575 West Amelia Earhart Drive, Salt Lake City, Utah. The public comment forum is scheduled for Wednesday, February 17, 2016, from 11 a.m. to 1 p.m. MST at the Ramada Inn, 5575 West Amelia Earhart Drive, Salt Lake City, Utah. Written comments may be submitted to Western on or before March 30, 2016.

Responses to questions about the proposed criteria unanswered at the forum will be provided in writing within a reasonable period of time. An opportunity will be given to all interested parties to present written or oral statements at the public comment forum. The forums will be transcribed, and copies will be available upon request. Any fees required by the transcription firm to provide a transcribed copy will be the responsibility of the requestor. Additionally, Western is available to consult on a government-to-government basis with Tribes that express interest in doing so.

ADDRESSES: Submit written comments regarding the proposed 2025 General Power Marketing Criteria to Ms. Lynn Jeka, CRSP Manager, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580. Western's representatives will explain the proposed criteria and answer questions. Comments may also be faxed to (801) 524-5017, or e-mailed to SLIPPost2024@wapa.gov.

FOR FURTHER INFORMATION CONTACT: Mr. Parker Wicks, Public Utilities Specialist, or Mr. Steve Mullen, Public Utilities Specialist, at Western Area Power Administration, CRSP Management Center, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580, telephone (801) 524-5493, or e-mail to SLIPPost2024@wapa.gov.

Information can also be found at

<https://www.wapa.gov/regions/CRSP/PowerMarketing/Pages/power-marketing.aspx>.

SUPPLEMENTARY INFORMATION: Brief descriptions of the projects included in the SLCA/IP are provided below:

Colorado River Storage Project:

Authorized in 1956, the CRSP and participating projects initiated the comprehensive development and use of water resources of the Upper Colorado River. The CRSP is comprised of the Glen Canyon, Flaming Gorge, Blue Mesa, Crystal, and Morrow Point dams and powerplants. CRSP storage units stabilize the erratic flows of the Colorado River and its tributaries so annual water delivery commitments to the Lower Colorado River Basin, as well as to farmers, municipalities, and industries in the Upper Basin, can be met. Delivery of this water to consumers is accomplished, in part, through the participating projects discussed below. Additional project development may occur in future years. Initial hydroelectric generation began at the CRSP facilities in 1963. The maximum operating capacity of the five original CRSP powerplants is currently about 1,760 MW. The average annual generation over the 20-year period from 1994 through 2014 was about 5,208,238 MWh.

Participating Projects:

Seedskadee Project (Fontenelle Powerplant): The Seedskadee Project was authorized as one of the initial group of participating projects authorized with the CRSP in 1956. The Fontenelle Dam, powerplant, and reservoir are the principal features of the Seedskadee Project. The powerplant commenced operation in May 1968. The maximum operating capacity of Fontenelle Powerplant is 10 MW. The average annual generation from 1994-2014 was 53,477 MWh.

Dolores Project (McPhee Dam and Towaoc Canal Powerplants): The Dolores Project was authorized by the Colorado River Basin Act of September 30, 1968, as a participating project under the Colorado River Storage Project Act. The maximum operating capacity of the two

powerplants is 12.8 MW, and the combined average annual output of McPhee Dam and Towaoc Canal powerplants from 1994-2014 was 18,161 MWh.

Integrated Projects:

Western consolidated and operationally integrated the Collbran and Rio Grande projects with CRSP beginning on October 1, 1987. These integrated projects have retained their separate financial obligations for repayment; however, an SLCA/IP rate is set to recover revenues to meet the repayment requirements of all projects. The maximum operating capacity of the eleven SLCA/IP powerplants is 1,818.6 MW, and the average annual generation from 1994-2014 was about 5,635,057 MWh. The SLCA/IP resources are currently marketed to approximately 140 long-term customers, and many more electric service providers enjoy this power indirectly through parent organizations that are direct customers of the SLCA/IP. Existing contracts will terminate at the end of the September 2024 billing period.

Collbran Project (Upper Molina and Lower Molina Powerplants): Authorized in 1952 and in service since 1962. The maximum operating capacity of the two powerplants is presently 13.5 MW. The average annual generation from 1994-2014 was 41,915 MWh.

Rio Grande Project (Elephant Butte Powerplant): The Rio Grande Project was authorized in 1905, and the powerplant went into service in 1940. The maximum operating capacity of the Elephant Butte Powerplant is 27.0 MW. The average annual generation was 66,743 MWh from 1994 -2014.

Current Marketing Plan Background

The final Post-1989 General Power Marketing and Allocation Criteria, SLCA/IP (Post-1989 Plan), was published in the **Federal Register** (51 FR 4844-4870, February 7, 1986) and provided the marketing plan principles used to market what is now referred to as the SLCA/IP firm

hydropower resources. The firm electric service contracts associated with the Post-1989 Plan were initially to expire in 2004. Western's Energy Planning and Management Program (EPAMP) Final Rule, Subpart C – Power Marketing Initiative was adopted for the SLCA/IP as published in the **Federal Register** (64 FR 34414-34417, Friday, June 25, 1999), which extended the firm electric contracts associated with the Post-1989 Plan through September 30, 2024, and also established a Post-2004 resource pool. The current marketing plan is inclusive of the Post-1989 Plan as extended and amended by EPAMP and the Post-2004 Power Marketing Initiative.

Proposed 2025 General Power Marketing Criteria Background

During the summer of 2015, Western held four meetings to initiate informal discussions with current SLCA/IP firm electric service customers and their representatives. The meetings were held in Phoenix, Arizona; Lakewood, Colorado; Albuquerque, New Mexico; and Salt Lake City, Utah. These meetings provided customers the opportunity to review current marketing plan principles and provide informal input to Western for consideration in this Proposed 2025 Marketing Plan. Some of the key marketing plan principles discussed at the meetings included marketing area, contract term, resource pools, and marketable resource. The main input Western received from the commenters during these meetings was that the Post-1989 Plan worked well and that Western should make as few changes as possible. Western agrees and proposes to keep the general contract format and maintain the existing allocations with its current customers. Western is also proposing that, if after it completes its analysis there is additional resource available, a power pool of 2 percent be created to serve new customers. Although Western's existing customers requested that no new power pool be created and that any additional marketable resource be allocated to them to offset reductions in their allocations due to the 1996 Glen Canyon Dam Environmental Impact Statement Record of Decision, Western determined it

could support additional wide-spread use by allocating any additional resource to benefit new customers rather than try to distribute a small amount of power among the approximately 135 existing customers. Western considered the feedback it received in developing the Proposed 2025 Marketing Plan, outlined below.

Proposed 2025 General Power Marketing Criteria

Western's Proposed 2025 Power Marketing Plan will remain predominantly unchanged from the Post-1989 General Power Marketing Criteria and Post-2004 Power Marketing Initiative. The Marketing Plan principles are as follows:

Proposed Marketing Plan Principles:

1. *Contract Term:* A 40-year contract term would be used for firm electric service contracts. The firm electric service contract term would begin October 1, 2024, and expire September 30, 2064.
2. *Marketing Area:* The Proposed 2025 Marketing Plan supports continuing the current SLCA/IP marketing area, which is divided into Northern and Southern Divisions.
 - A. The Northern Division consists of the states of Colorado, New Mexico, Utah, and Wyoming; the City of Page, Arizona; a portion of the area in Arizona which lies in the drainage area of the Upper Colorado River Basin to be served by the Navajo Tribal Utility Authority; and White Pine County and portions of Elko and Eureka counties in Nevada.
 - B. The Southern Division consists of the remaining portion of the state of Arizona and that part of the state of Nevada in Clark, Lincoln, and Nye counties that comprise the southern portion of the state.

3. New Resource Pool: Currently, the CRSP MC is doing extensive modeling to determine the amount of SLCA/IP resource that will be available for the 2025 Marketing Plan. Western expects that capacity and energy will be available above what is currently allocated to existing customers. If so, the 2025 Marketing Plan will provide a 2 percent resource pool of the modeled marketable resource. The allocation of this resource would occur one time at the beginning of the contract term, October 1, 2024. If, after the analysis of available marketable resource is completed, there is less than 2 percent available for a resource pool, then no resource pool will be made available to new customers. Western's determination of the availability of a resource pool will be announced through an FRN. Depending upon the timing, it may be announced in conjunction with another action (i.e., Final 2025 Marketing Plan) or it may be announced in a separate FRN.
4. Western will provide new allocations only to eligible preference entities in the Northern Division and Native American tribes in either the Northern or Southern Division. Western will give priority to those preference entities that currently do not receive the benefit of Federal hydropower. If the applicant has met the eligibility criteria, Western, through the public process, will determine the amount of power, if any, to allocate in accordance with the marketing criteria and administrative discretion under Reclamation Law.
5. Eligible applicants, except Native American tribes, must be ready, willing, and able to receive and distribute or use power from Western. Ready, willing, and able means the eligible applicant has the facilities needed for the receipt of power or has made the necessary arrangements for transmission and/or distribution service, and its power supply contracts with third parties permit the delivery of Western's power.

6. Eligible applicants must have the necessary arrangements for transmission and/or distribution service in place by October 1, 2023.
7. An eligible Native American applicant must be an Indian tribe as defined in the Indian Self Determination Act of 1975, 25 U.S.C. 450b, as amended.
8. In determining allocations, Western will give priority consideration in the following order to entities satisfying these marketing criteria:
 - A. Federally recognized Native American tribes.
 - B. Municipal corporations and political subdivisions including irrigation or other districts, municipalities, and other governmental organizations that have electric utility status by October 1, 2023. “Electric utility status” means that the entity has responsibility to meet load growth, has a distribution system, and is ready, willing, and able to purchase Federal power from Western on a wholesale basis.
 - C. Electric cooperatives and public utilities, other than electric utilities, that are recognized as utilities by their applicable legal authorities, are nonprofit in nature, have electrical facilities, and are independently governed and financed.
 - D. Other eligible applicants.
9. In determining allocations, Western will consider existing Federal power resource allocations of the applicants.
10. Western will base allocations to Native American tribes on actual loads experienced in the most recent calendar year. Western may use estimated load values if actual load data are not available. Western will evaluate and may adjust inconsistent estimates during the allocation process. Western is available to assist tribes in developing load estimates.

11. Western will base allocations to eligible applicants on the actual loads experienced in the most recent calendar year and will apply current marketing criteria to these loads.
12. The minimum allocation will be 100 kW.
13. Contractors must execute electric service contracts within 6 months of receiving a contract offer from Western, unless Western agrees otherwise in writing.
14. If unanticipated obstacles to the delivery of electric service to a Native American tribe arise, Western retains the right to provide the economic benefit of the resource directly to the tribe.
15. Existing *Marketable Resource*: Dependent upon available resource, Western proposes extending the existing contract rates of delivery commitments, with associated energy, to the existing SLCA/IP long-term, firm power customers.
16. *Hydrology and River Operations Withdrawal Provision*: Western will reserve the right to adjust, at its discretion and sole determination, the contract rate of delivery on 5 years' advance written notice in response to changes in hydrology and river operations. Any such adjustments would occur after an appropriate public process.
17. *Service Seasons*: The Proposed 2025 Marketing Plan supports continuing the current SLCA/IP summer and winter seasons.
 - A. Summer Season: The 6-month period from the first day of the April billing period through the last day of the September billing period in any calendar year.
 - B. Winter Season: The 6-month period from the first day of the October billing period of any calendar year through the last day of the March billing period of the next succeeding calendar year.
18. *Retention of Existing Contract Provisions*: The Proposed 2025 Marketing Plan supports using the existing SLCA/IP firm electric service contract provisions with only minor

modifications. Customer Displacement Power (CDP) and Western Replacement Power (WRP) contract provisions will continue to be available in the new SLCA/IP firm electric service contracts. The CDP and WRP provisions allow customers, at their discretion, to augment hydropower allocations with purchase power. Western reserves enough capacity on the CRSP transmission system to deliver the maximum amount of hydropower the system is capable of generating, which under certain conditions can sometime occur. In times when hydropower deliveries are lower, this transmission capacity can be made available for use by the customers. Under CDP, customers may elect to use this reserved transmission capacity to deliver their own energy resources in hours that it is needed to augment the hydropower deliveries. WRP is similar to CDP, but customers request that Western act as their agent and purchase energy available on the market to augment hydropower deliveries.

Availability of Information

Documents developed or retained by Western during this public process will be available, by appointment, for inspection and copying at the CRSP MC, located at 150 East Social Hall Avenue, Suite 300, Salt Lake City, Utah. Western will post information concerning the Proposed 2025 Marketing Plan on its Web site at: <https://www.wapa.gov/regions/CRSP/PowerMarketing/Pages/power-marketing.aspx>. Written comments received as part of the 2025 Marketing Plan formal public process will be available for viewing on the Web site.

Procedural Requirements

Environmental Compliance

Western will evaluate this action for compliance with the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321-4347), the Council on Environmental Quality Regulations (40 CFR parts 1500-1508), and DOE NEPA Regulations (10 CFR 1021).

Determination Under Executive Order 12866

Western 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.

Dated: December 8, 2015.

Mark A. Gabriel,
Administrator.

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