

By the Commission.
Lois D. Cashell,
Secretary.
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Western Area Power Administration

Western Area Power Administration's Concept for Purchase of Non-Hydropower Renewable Resources, and Solicitation of Interest

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of policy consideration and request for comment.

SUMMARY: Western Area Power Administration (Western) is considering adoption of a policy whereby Western would purchase a portion of its expected purchase power requirements, on a project-by-project basis and in a competitive manner, from non-hydropower renewable resource producers. Within this portion of purchase power requirement set-aside for non-hydropower renewable resource, Western is also considering a 50 percent reservation for solar resources. Western has developed the concept contained in this notice for public consideration and comment. Western also solicits interest from power customers who want Western to facilitate the delivery of non-hydropower renewable resources on their behalf and at their cost. In addition, Western solicits public comment on alternative concepts that may also provide marketing opportunities for non-hydropower renewable resource producers. Western seeks as well, information from renewable resource developers that helps in understanding these resource options. After considering public comment on the concept described in this notice, and after considering alternative concepts and opportunities offered by the public, Western will adopt a final non-hydropower renewable resource purchase policy and program for each of its projects. If the policy adopted provides for one or more projects to acquire a portion of their purchase power requirements from non-hydropower renewable resources, those projects will then begin separate processes to acquire such resources. **DATES:** Western seeks comments on the purchase concept outlined in this notice and input on alternative marketing concepts and opportunities. To be

considered, comments and other input in response to this notice needs to be received by May 15, 1996.

At this time, Western does not plan to hold a public meeting. However, a summary of comments received, and Western's response to those comments, will be provided in a subsequent Federal Register notice, and to parties indicating they wish to continue receiving information about this process.

FURTHER INFORMATION: To receive information on this concept and solicitation, and/or to make requests to receive subsequent mailings on this process, contact: Mr. Michael S. Cowan, Chief Program Office, Western Area Power Administration, P.O. Box 3402, Golden, CO 80401-0098, (303) 275-1630.

Background

Western is conducting this process in support of the Department of Energy's program to develop renewable energy technologies as cost-competitive sources of electricity. The competitive forces brought on by electric utility deregulation have reduced immediate market opportunities for renewable resources, such as wind, solar, and biomass. However, over time, competition is expected to create new opportunities for renewable energy sales, as technology improves and end-use customers are offered greater freedom to choose their sources of power. This is a critical period in which electricity markets are being shaped and future energy options are being defined, and it is important that renewable energy is one of the choices that the new market will offer.

With its significant transmission resources, customer base, and interconnections with electric utilities throughout the West, Western is in a position to facilitate market opportunities for non-hydropower renewable resources. This public process was initiated to determine Western's appropriate role as such a facilitator, and to guide Western's decision as a potential buyer of non-hydropower renewables.

In 1995, Western developed a set of Integrated Resource Planning (IRP) principles for its own resource acquisition and transmission planning activities. These principles were developed through a public process and were published in the Federal Register, "Final Principles of Integrated Resource Planning for Use in Resource Acquisition and Transmission Planning," 60 FR 30533 (June 9, 1995). In adopting these principles, Western committed to considering a full range of

supply- and demand-side resource options (including renewable resources) that would be evaluated on a project-by-project basis using criteria developed in a public process.

Western's purchase power requirements are determined on a project-by-project basis. This is done because each project has differing purchase power requirements, the projects are marketed separately, and the cost of purchase power is recovered through firm power rates charged to each project's customers.

Western commonly makes power purchases for the purpose of "firming" the hydropower that it is charged with marketing. Although Western does not have unlimited authority to purchase non-Federal power, the courts interpreting the Reclamation statutes have held that Western has inherent authority to purchase non-Federal power to maximize the sale of federally produced power at firm power rates. Western has been given statutory authority to market a higher level of firm power than the Central Valley Project generators can regularly produce, by purchasing up to 400 MW of additional power.

Western is currently involved in two public processes to determine the need for purchase power and the criteria to be applied in making purchase power decisions. These include the Replacement Resources Process, pursuant to the Grand Canyon Protection Act of 1992 (Public Law 102-575) and the Central Valley Project 2004 Power Marketing Program. These processes are being conducted consistent with the principles of IRP adopted by Western. Public responses to the concept presented in this notice and specific to these projects will be considered in these ongoing public processes.

The facilities, marketing programs, nature of purchase power requirements, and estimated financial impacts from purchasing non-hydropower renewables for each of Western's projects are summarized in the following text and table. The nature of purchase power requirement is described as either firm or non-firm energy, and either annual, seasonal, or monthly. Firm energy is energy with capacity. Conversely, non-firm energy is energy only. The term of any purchase power contract would vary, but in no case will the term extend beyond the expiration of the project's current long-term firm power sales contracts, as amended.

The estimated financial and rate impacts provided are calculated by applying the assumptions of a 5 percent of annual purchase power requirement

set-aside for non-hydropower renewable resources and a 55 mill per kWh cost for non-hydropower renewable resources. This 55 mill per kWh cost was assumed because it is considered achievable by many renewable resources. The 5 percent level of set-aside was assumed because it seemed to define a significant marketing opportunity for non-hydropower renewable resources, while keeping potential rate impacts to a minimum.

The estimated financial and rate impacts are examples only. Actual financial and rate impacts will depend on the final policy adopted regarding set aside percentages, purchase cost limitations, and actual cost of such purchases.

Salt Lake City Area/Integrated Projects (SLCA/IP)

For marketing and rate-making purposes, the Colorado River Storage Project (CRSP) and the Collbran and Rio Grande projects were combined into the SLCA/IP on October 1, 1987 and are marketed under the Post-1989 General Power Marketing and Allocation Criteria, developed in 1986 and modified by a 1989 court order.

The CRSP is the largest component of the SLCA/IP and consists of four major storage units: Glen Canyon, on the Colorado River in Arizona; Flaming Gorge on the Green River in Utah; Navajo on the San Juan River in northwestern New Mexico; and the Wayne N. Aspinall Unit (formerly Curecanti) on the Gunnison River in west-central Colorado.

Six Federal powerplants are associated with the CRSP. Maximum operating capacity of CRSP's 17 generating units is 1,802 MW. The CRSP Customer Service Center markets the 4,700 million kWh generated each year, in Colorado, Utah, New Mexico and Arizona. Portions of Nevada and Wyoming are also served by CRSP power.

The CRSP expected annual purchase power requirement is 200 million kWh of non-firm energy. Due to daily fluctuation release constraints at Glen Canyon and Flaming Gorge powerplants, and contractual monthly load patterns, the CRSP purchase power requirement is spread throughout most months of both winter and summer seasons. The purchase requirement is also confined to the day time, or on-peak periods. Alternative non-firm energy costs are presently 10.25 mills per kWh. The nature of the CRSP purchase power requirement is seasonal non-firm energy. The term for CRSP purchase contracts would not extend beyond the termination date of

Western's existing long-term firm power sales contracts (September 30, 2004).

Assuming a 200 million kWh non-firm energy purchase requirement each year, a five percent purchase power requirement set-aside for non-hydropower renewable resources, alternative non-firm energy cost of 10.25 mills per kWh, and non-hydropower renewable resource cost at 55 mills per kWh, the additional cost to CRSP ratepayers would be \$448 thousand annually. These additional costs would translate into a 0.07 mill per kWh rate increase—or a 0.4 percent rate increase.

Parker-Davis Project

The Parker-Davis Project is comprised of Parker and Davis Dams, on the Colorado River below Hoover Dam, powerplants at each of these dams, and the associated transmission system. Western's share of the combined installed capacity of these powerplants is 338 MW.

Power generated from the Parker-Davis Project is marketed to customers in Nevada, Arizona, and California. From Parker-Davis hydropower generation, Western's Desert Southwest Regional Office markets 183,774 kW of capacity in the winter season and 244,271 kW of capacity in the summer season. Total marketable energy is 313 million kWh in the winter season and 837.5 million kWh in the summer season.

In the event Parker-Davis generation is not sufficient to meet firm contractual obligations, Western must purchase power from other resources. The Parker-Davis Project purchase power requirement is about 70 million kWh annually. This requirement varies by season. During the spring (February through April) there is usually surplus generation—with some deficiencies in late spring. During the summer season, surplus generation usually exists, with only periodic purchase power requirements when rains are heavy. During the late summer to early fall period, there are some small purchase power requirements. The fall months of October and November are usually surplus in generation. Generation deficiencies generally occur during December with fluctuations of deficiency and surplus during January. The nature of the Parker-Davis purchase power requirement is seasonal non-firm energy. The term for Parker-Davis purchase power contracts would not extend beyond the termination date of Western's existing long-term firm power sales contracts (September 30, 2008).

Assuming a 70 million kWh firm energy purchase requirement each year, a 5 percent purchase power requirement

set-aside for non-hydropower renewable resources, alternative seasonal non-firm energy cost of 20 mills per kWh, and non-hydropower renewable resource cost at 55 mills per kWh, the additional cost to Parker-Davis ratepayers would be \$123 thousand annually. These additional costs would translate into a 0.11 mill per kWh rate increase—or a 1.7 percent rate increase.

Loveland Area Projects (LAP)

The Pick-Sloan Missouri Basin Program-Western Division (Western Division) and the Fryingpan-Arkansas Project (Fry-Ark) were operationally and contractually integrated by the Post-1989 marketing criteria into the LAP for marketing and rate setting purposes. This program is administered by Western's Rocky Mountain Region (RMR). The RMR markets this power in Colorado, Wyoming, Kansas, and western Nebraska. The RMR markets power, including project use power, to 40 customers.

Western Division generating resources include Bureau of Reclamation Missouri River Basin powerplants: Yellowtail, Boysen, Pilot Butte, Glendo, Kortez and Fremont Canyon. The powerplants of Reclamation's Colorado-Big Thompson, Kendrick, Shoshone and North Platte projects have also been integrated with the Western Division for marketing and operation.

Fry-Ark has six dams, five reservoirs; and two generating units at the powerplant at Mt. Elbert.

The marketing criteria published in the Federal Register, 51 FR 4012 (January 31, 1986), provide for marketing 2,088 million kWh of long-term firm energy with 716.5 MW of capacity annually. Firm power contracts provide for Western to furnish a specific amount of energy with capacity each month for the term of the contract. LAP firm energy is marketed based on available generation rather than customer load factors.

The marketing criteria and electric service contracts provide for re-evaluation of the marketable energy with capacity in 1999, if necessary, with 5 years notice. The RMR completed a resource study in July 1995. The results of the resource study were published in the Federal Register, 51 FR 4012 (December 20, 1995). The study shows that the RMR annual purchase power requirement is 66 million kWh. The nature of the LAP purchase power requirement is monthly non-firm energy, primarily during the winter season. The term for LAP purchase power contracts would not extend beyond the termination date of existing

long-term firm power contracts (September 30, 2024).

Assuming a 66 million kWh non-firm energy purchase requirement each year, a 5 percent purchase power requirement set-aside for non-hydropower renewable resources, alternative non-firm energy cost of 16 mills per kWh, and non-hydropower renewable resource cost at 55 mills per kWh, the additional cost to LAP ratepayers would be \$129 thousand annually. These additional costs would translate into a 0.04 mill per kWh rate increase—or a 0.2 percent rate increase.

Pick-Sloan Missouri Basin Program—Eastern Division (Pick-Sloan Eastern Division)

Western's Upper Great Plains Regional Office, in Billings, Montana, markets power for the Pick-Sloan Eastern Division, which serves customers across more than 378,000 square miles in the northern Rocky Mountain and central plains states. Seven dams and powerplants on the Missouri River produce hydropower for the Pick-Sloan Eastern Division. They are: Canyon Ferry in western Montana; Garrison at Riverdale, N.D.; Oahe at Pierre, S.D.; Big Bend at Fort Thompson, S.D.; Fort Randall and Gavins Point in southern South Dakota. Yellowtail Dam on the Bighorn River in south central Montana produces power for both the Pick-Sloan Eastern and Western divisions. Including one-half of Yellowtail, Pick-Sloan Eastern Division powerplants generate in excess of 10,000 million kWh in a normal year.

The Pick-Sloan Eastern Division expects to purchase about 130 million kWh of non-firm energy annually. These

requirements are restricted to the Winter season. The prevailing rate for non-firm energy in the Upper Great Plains Region is 14 mills per kWh. The nature of the Pick-Sloan Eastern Division purchase power requirement is seasonal non-firm energy. The term for Pick-Sloan Eastern Division purchase power contracts would not extend beyond the termination date of existing long-term firm power contracts (September 30, 2020).

Assuming a 130 million kWh non-firm energy purchase requirement each year, a 5 percent purchase power requirement set-aside for non-hydropower renewable resources, alternative non-firm energy cost of 14 mills per kWh, and non-hydropower renewable resource cost at 55 mills per kWh, the additional cost to Pick-Sloan Eastern Division ratepayers would be \$267 thousand annually. These additional costs would translate into a 0.05 mills per kWh rate increase—or a 0.3 percent rate increase.

Central Valley Project (CVP)

The Central Valley Project in California has 12 dams that create reservoirs with a total storage capacity of 10.6 million acre-feet. The generating units associated with these dams have an installed capacity of 2,022 MW and a net average annual generation of about 5,200 million kWh.

After providing the power needed to deliver CVP water (project use requirements including station service), CVP power is marketed to preference and non-preference customers. The annual firm CVP power sales typically exceed 6,000 million kWh. The sum of

project use and preference customer contractual obligations currently requires the Sierra Nevada Region (SNR) of Western to purchase power to meet CVP power obligations.

Firm purchases of 310 to 340 MW are currently being purchased under long-term contracts. The capacity factors of these resources range from 40 to 100 percent. There are no seasonal purchases, except in very dry years. In months where purchases exceed needs, energy is sold and/or banked under contract with Pacific Gas and Electric Company to be used during months when purchases are less than needs. Typically May through August are surplus months and November through February are deficit months. The nature of the CVP purchase power requirement is annual firm energy. The term for CVP purchase power contracts would not extend beyond the termination date of existing long-term firm power contracts (September 30, 2004). The CVP purchase power needs beyond 2004 are being determined in a separate public process.

Assuming 310 MW at 40 percent load factor purchase power requirement each year, a 5 percent purchase power requirement set-aside for non-hydropower renewable resources, alternative firm energy cost of 23 mills per kWh, and non-hydropower renewable resource cost of 55 mills per kWh, the additional cost to CVP ratepayers would be \$1.738 million annually. These additional costs would translate into a 0.29 mill per kWh rate increase, or a 1.3 percent rate increase.

TABULAR SUMMARY OF ESTIMATED IMPACTS FROM CONCEPT FOR WESTERN PURCHASE OF NON-HYDROPOWER RENEWABLE RESOURCES

Project name	Purchase reqmnt (GWH)	5 percent set-aside (GWH)	Nature of purchase reqmnt	Alt. cost	Add. cost (mills/kWh)	Rate impact (\$1,000)	Percent rate (mills/kWh)	Equivalent MW increase ¹	Term of present contracts ²
CRSP	200	10.0	Seasonal non-firm	10.25	448	0.07	0.4	3.8	2004
Parker-Davis .	70	3.5	Seasonal non-firm	20.00	123	0.11	1.7	1.3	2008
LAP	66	3.3	Monthly non-firm	16.00	129	0.04	0.2	1.3	2024
P-S Eastern ..	130	6.5	Seasonal non-firm	14.00	267	0.05	0.3	2.5	2020
CVP	1,086	54.3	Annual firm	23.00	1,738	0.29	1.3	20.5	2004
Total ...	1,552	77.6			2,705			29.4	

¹ Equivalent MW is calculated by applying a 30 percent capacity factor to the 5 percent set-aside energy amount.

² Term of sales contracts.

Concept

Western is considering committing a portion of its purchase power

requirements, on a project-by-project basis, for competitive solicitation from non-hydropower renewable resource

power producers. The primary criterion used to determine the portion of purchase commitment would be that the

additional cost associated with purchase of such resources have little or no discernable rate impact to Western's power customers. Another criterion is that the cost of the non-hydropower renewable resource be less than an established upper limit, or cost cap. The contract term for purchase of these renewable resources would also vary by project, but in no case would the term extend beyond the termination date of Western's long-term firm power sales contracts for the project.

Within this concept, Western is also considering a 50 percent reservation of the non-hydropower renewable set-aside for solar resources—with the remaining 50 percent of set-aside open to other non-hydropower renewable resources, such as wind and biomass. This reservation for solar resources is being considered to help diversify the mix of non-hydropower resources purchased and to support the Department of Energy's goal of commercializing a variety of renewable resource technologies.

Other terms, requirements, and criteria such as: dispatchability, point of delivery, dependability, resource diversity, environmental impact, etc. would be developed in the project-specific application of this concept. Resource acquisitions made through application of this concept will be made on a project-by-project, cost-competitive basis within the set-aside for non-hydropower renewable resources established, with criteria and requirements satisfied, and in a manner consistent with Western's principles of IRP.

Solicitation

Western also solicits expressions of interest from its long-term firm power customers who may want Western to facilitate the purchase and delivery of non-hydropower renewable resources on their behalf and at their cost. These purchases would be in addition to Western's own purchases. Western also solicits input on alternative concepts, within Western's power marketing framework, administrative capability, and purchase power authority, that may also provide marketing opportunities for non-hydropower renewable resource producers.

In addition, Western solicits information from renewable resource developers that can help increase Western's understanding of non-hydropower renewable resource opportunities.

Public Process

The public process to determine Western's policy for purchase of non-

hydropower renewables on a project-by-project basis begins with the publication of this notice.

Western requests public comments on the concept outlined in this notice. On the non-hydropower renewable resource purchase concept, Western requests whether or not the respondent supports Western adopting such a concept. With an indication of support, Western requests additional project-specific comments on (a) the magnitude or percentage of a potential purchase power requirement set-aside, (b) whether it's appropriate to have a 50 percent reservation for solar resources within the set-aside, and if so, whether the reservation amount for solar should be increased or reduced, (c) the acceptable rate impact, (d) a recommended cost cap in mills per kWh for non-hydropower resources, (e) a recommended contract term for purchase, and (f) any other related matter.

Western also requests input from the public on alternative methods whereby Western may be able to facilitate market opportunities for non-hydropower renewable resources.

Comments on this concept, responses to solicitation of interest, suggested alternative concepts, and information on market opportunities for renewable resources, are being sought during a 30-day comment period. Following this comment period, the final non-hydropower renewable resource purchase policy for each Western project will be published in the Federal Register. This public process ends with publication of the final policy in the Federal Register. The policy will be effective 30 days after publication. If the policy adopted provides for one or more projects to acquire a portion of their purchase power requirements from non-hydropower renewable resources, those projects will then begin separate processes to acquire such resources. Each of these acquisition processes will be consistent with Western's principles of IRP, and will build upon criteria established in the policy adopted.

Environmental Evaluation

Western is seeking comment on the non-hydropower renewable resource purchase concept presented in this notice through a public process. Western is committed to initiating an appropriate public process under NEPA and its implementing regulations for this proposed policy on a project-specific basis at the earliest possible time.

Determination Under Executive Order 12866

DOE has determined this is not a significant regulatory action because it does not meet the criteria of Executive Order 12866, 58 FR 51735. 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.

Issued at Golden, Colorado, April 3, 1996.

J. M. Shafer,

Administrator.

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ENVIRONMENTAL PROTECTION AGENCY

[FRL-5458-5]

OMB Review of Agency Information Collection Activities; Renewal of ICR Titled Maximum Residue Limit (MRL) Petitions for Pesticides on Food/Feed and New Inert Ingredients; OMB #2070-0024, EPA#0597.06

AGENCY: Environmental Protection Agency (EPA), Office of Pesticide Programs.

ACTION: Notice.

SUMMARY: In compliance with the Paperwork Reduction Act (44 U.S.C. 3501 et seq.), this notice announces that the Office of Prevention, Pesticides and Toxic Substances (OPPTS) has submitted to the Office of Management and Budget (OMB) a renewal request for the following Information Collection Request (ICR): Maximum Residue Limit (MRL) Petitions for Pesticides on Food/Feed and New Inert Ingredients (OMB Control No. 2070-0024; EPA ICR No. 0597.06), which is abstracted below. The ICR describes the nature of the information collection and its expected cost and burden; where appropriate, it includes the actual data collection instrument. A Federal Register notice proposing this submission and seeking public comment on this ICR was issued on January 24, 1996 (61 FR 1922). EPA did not receive any comments in response to that notice.

DATES: Comments must be submitted on or before May 15, 1996.

FOR FURTHER INFORMATION OR A COPY: Call Sandy Farmer at EPA, (202) 260-2740, or e-mail a request to "farmer.sandy@epamail.epa.gov". Please refer to EPA ICR No. 0597.06.

SUPPLEMENTARY INFORMATION:

Title: Maximum Residue Limit (MRL) Petitions for Pesticides on Food/Feed