appropriate Federal, State, local, and Tribal governmental agencies; public review and hearings on the draft EIS; publication of a final EIS; and publication of a record of decision expected in Spring 2009. Additional informal public meetings may be held in the proposed Project area if public interest and issues indicate a need.

The public scoping period begins with publication of this notice in the **Federal Register** and closes August 31, 2007. Western will hold open house public scoping meetings (see **DATES** and **ADDRESSES**). All meeting locations are handicapped-accessible. Anyone needing special accommodations should contact Western to make arrangements. The purpose of the scoping meetings is to provide information about the proposed Project, display maps, answer questions, and take written comments from interested parties. Attendees are welcome to come and go at their convenience and to speak one-on-one with Western and Project representatives. The public will have the opportunity to provide written comments at the meeting. In addition, attendees may provide written comments by fax, e-mail, or U.S. Postal Service mail. To help define the scope of the EIS, comments should be received by Western no later than August 31, 2007. Anonymous comments will not be accepted.

Dated: July 11, 2007.

Timothy J. Meeks,

Administrator.

[FR Doc. E7–14532 Filed 7–26–07; 8:45 am]

BILLING CODE 6450–01–P

DEPARTMENT OF ENERGY

Western Area Power Administration

Load in the California Independent System Operator Corporation's Balancing Authority Area

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Final Resource Adequacy Plan.

SUMMARY: The Western Area Power Administration (Western) announces its Final Resource Adequacy (RA) Plan for load in the California Independent System Operator Corporation's (CAISO) Balancing Authority Area. This notice responds to the comments received on the proposed Final Resource Adequacy Plan (Final RA Plan) and sets forth the Final RA Plan. Western developed the Final RA Plan as a Local Regulatory Authority (LRA). The Final RA Plan will be submitted to the CAISO and will be utilized by Western when Western, in the CAISO Balancing Authority Area, is acting as a Load Serving Entity (LSE) as defined under the CAISO's Conformed Simplified and Reorganized Tariff incorporating the Interim Reliability Requirements Program (CAISO Tariff) and under the CAISO's proposed Market Redesign and Technology Upgrade (MRTU) Tariff.

DATES: The Final RA Plan becomes effective on August 1, 2007.

FOR FURTHER INFORMATION CONTACT: Ms. Jeanne Haas, Contracts and Energy Services Manager, Sierra Nevada Customer Service Region, Western Area Power Administration, 114 Parkshore Drive, Folsom, CA 95630–4710, telephone (916) 353–4438, e-mail: *haas@wapa.gov.*

SUPPLEMENTARY INFORMATION:

Authorities

Western is developing this Final RA Plan in accordance with its power marketing authorities, which include the Act of June 17, 1902 (32 Stat. 388), the Act of August 26, 1937 (50 Stat. 844), the Act of August 4, 1939 (53 Stat. 1187), and the Department of Energy Organization Act of August 4, 1977 (91 Stat. 565), including all acts amendatory and/or supplementary to the above listed.

Background

On February 9, 2006, the CAISO filed its comprehensive MRTU Tariff with the Federal Energy Regulatory Commission (Commission).[1] Under the MRTU Tariff, the CAISO proposed to end the current "must offer" structure and transition to a capacity-based system. In this capacity-based system, the California Public Utilities Commission (CPUC) and other LRAs establish procurement requirements for all LSEs within their jurisdiction to obtain sufficient resources to meet their load with an adequate reserve margin and to ensure appropriate resources will be made available to the CAISO in the day-ahead market, the hour-ahead scheduling process, and the real-time market.[2]

On March 13, 2006, the CAISO filed its Interim Reliability Requirements Program (IRRP) as an amendment to the CAISO Tariff. On May 12, 2006, the Commission issued an order accepting certain modifications under the IRRP in Docket No. ER06–723–000.[3] The modifications established under the IRRP are intended to implement RA programs developed by the CPUC and other LRAs for LSEs under their respective jurisdictions. The IRRP adjusts the CAISO's existing operations to incorporate RA programs implemented by the CPUC and other LRAs for the period between June 2006 and the implementation of MRTU.[4] Section 40 of the CAISO Tariff, as amended to incorporate the IRRP and the MRTU Tariff, provides the guidelines for RA.

In the Commission's September 21, 2006, Order in Docket No. ER–06–615–000, which in part accepted and affirmed the CAISO's proposed MRTU Tariff, the Commission summarized the CAISO's RA program as follows:

> Resource adequacy is the availability of an adequate supply of generation or demand responsive resources to support safe and reliable operation of the transmission grid. Until June 2006, the CAISO market did not require load-serving entities to procure sufficient generation capacity to serve their customers. The lack of this requirement jeopardized reliability and made it difficult to ensure that wholesale prices would remain just and reasonable. Under MRTU, load serving entities under the authority of the California Public Utilities Commission will be required to obey its requirement to maintain a level of capacity above load-serving entities' forecasted customer needs (currently 15–17 percent). They will also have to demonstrate a year in advance that they have procured resources to cover 90 percent of their summer (May through September) peak period needs. Other load serving entities that are CAISO members and serve customers in the CAISO control area are required to comply with the planning reserve margin for capacity that is set by their Local Regulatory Authority. If the Local Regulatory Authority does not establish such a margin, the default margin will be 15 percent. These resource adequacy requirements will help ensure sufficient supply, enhance reliability, protect against price volatility, and reduce the opportunities to game the market that exist when electricity supplies are insufficient to meet customers' needs.[5]

In Paragraph 1116 of the same decision, the Commission concluded that meeting the MRTU RA requirements is a reasonable condition of participation in the CAISO markets and required that each LSE serving load within the CAISO-controlled grid maintains adequate resources and does not "lean on" others to the detriment of its customers and grid reliability as a whole. Under the current schedule, the MRTU Tariff is not expected to be implemented before February 2008.

Under the MRTU Tariff Western is an LRA. To ensure non-discriminatory treatment for load in the CAISO Balancing Authority Area, Western, as

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[1] FERC Docket ER06–615–000 (2006).

[2] *See* Article V, Section 40 of the CAISO's MRTU Tariff.

[3] 115 FERC ¶ 61,172 (2006).

[4] *Id.* at paragraph 6.

[5] 116 FERC ¶ 61,274 (2006) at paragraph 10.

an LRA, established interim RA Plans comprised of an Initial RA Plan and its Current RA Plan. However, due to the short time frame between the acceptance of the CAISO's IRRP and its effective date, Western was unable to conduct a public process before implementing its interim RA Plans.[6]

Western conducted a public process to develop its Final RA Plan. As part of the process, Western solicited input from the public, including its customers and interested parties.

Acronyms and Definitions

See Final RA Plan below for Acronyms and Definitions.

Public Notice and Comment

Western conducted a public process to develop its Final RA Plan. The steps Western took to involve interested parties in the public process were:

1. On April 19, 2007, Western sent an e-mail to all interested parties notifying them of the expected publication date of the **Federal Register** notice announcing the Proposed Final RA Plan.

2. The **Federal Register** notice was published on April 25, 2007 (72 FR 20528) which announced the proposed Final RA Plan, began the public consultation and comment period, and announced the public information forum and public comment forum.

3. On May 25, 2007, Western mailed letters to all interested parties transmitting the **Federal Register** notice (72 FR 20528) and reiterating the dates and locations of the public information forum and the public comment forum.

4. On May 2, 2007, Western held a public information forum at the Marriott Hotel in Rancho Cordova, California. Western provided informational slides as handouts.

5. On May 9, 2007, Western held a public comment forum at the Marriott Hotel in Rancho Cordova, California, to give the public an opportunity to comment for the record. One individual commented at this forum. In addition, two customers asked questions regarding the Proposed RA Plan.

6. As a result of the public information forum, the CAISO requested a meeting with Western to ask clarifying questions on the proposed Final RA Plan. All interested parties were invited to attend this meeting. Western met with the CAISO on May 16, 2007. In addition to the CAISO, six interested parties attended the meeting in person, and four interested parties participated via conference call. Notes from the meeting are included in the record.

7. In addition to the above meetings, Western communicated clarifying information on the proposed Final RA Plan to the following customers. This information is included in the record.

California Public Utilities Commission
California State University, Sacramento
Tuolumne Public Power Agency
City of Redding
Sacramento Municipal Utilities District
Trinity Public Utilities District

Responses to Comments Received on the Notice of Proposed Final RA Plan for Transactions in the CAISO's Balancing Authority Area

During the public consultation and comment period, Western received 11 letters containing written comments from the following organizations:

Calaveras Public Power Agency
California Independent System Operator Corporation
California Public Utilities Commission
Lassen Municipal Utility District
Modesto Irrigation District
Pacific Gas and Electric Company
City of Redding
Southern California Edison
Trinity Public Utilities District
United States Department of Energy, Berkeley Site Office
United States Department of the Interior, Bureau of Reclamation

In addition to providing written comments, the Trinity Public Utilities District (TPUD) commented during the May 9, 2007, public comment forum. Western reviewed and considered all comments received by the end of the public consultation and comment period, May 25, 2007, in preparing the Final RA Plan.

The following is a summary of the comments received during the consultation and comment period and Western's responses to those comments. Comments are grouped by subject and paraphrased for brevity. Specific comments are used for clarification where necessary.

Allocation of Costs for RA

Comment: A commenter questions why it should pay for RA when it has a congressional right to power that is significantly higher than its peak demand. The commenter states that the Commission made it very clear that it should not have to buy RA from the market. The commenter states that the operation of the regulating reservoirs could be changed to meet RA (the Planning Reserves portion) for the use of Project Use and First Preference Customers without affecting water deliveries. The commenter states that since all the Central Valley Project (CVP) customers are benefiting from Western's proposal not to use the CVP regulating reservoirs to provide RA for First Preference Customers and Project Use load, all CVP customers should be responsible for paying the RA costs. The commenter provides three alternatives to Western's proposal for allocating RA costs: (1) Include the cost of RA purchases in the Power Revenue Requirement which, in the commenter's opinion, is analogous to purchases made to supplement the Base Resource (BR) that maximize the value of CVP generation for all CVP customers; (2) spread the cost of the RA purchases to Western customers based on the amount of supplemental power they need to meet their load above what is served by Western (this alternative is based on the commenter's opinion that there is a difference between those customers who have their loads met by the BR and those that do not); or (3) allow for the commenter to determine its own RA amount acting as its own LRA, and have Western factor this RA amount information into the amount of RA that Western is planning to purchase for those CVP customers that Western is responsible to purchase RA for and then pass on the cost based on how much RA is being purchased for each CVP customer. Of the three alternatives the commenter has proposed, the commenter notes that the first alternative would be the most costly for the commenter. While the commenter does not believe that the first alternative is the fairest for the commenter, the commenter realizes that it is the fairest for the group of all CVP customers as a whole.

Another commenter states that the CVP generation/transmission resources and their costs have been fairly allocated and sub-allocated to project beneficiaries. Whether a CVP water user or a CVP power user is a part of the CAISO Balancing Authority Area, the Western Sub Balancing Authority Area (SBA), or the Sacramento Municipal Utility District (SMUD) Balancing Authority Area has not typically mattered. The cost for CVP energy does not change based on the Balancing Authority Area in which the customer is located. In other words, all CVP water users pay the same amount for the energy they receive from the CVP. Similarly, all CVP Preference Customers and First Preference Customers generally pay on the same basis for the CVP energy they receive. The

[6] The Commission accepted the CAISO's IRRP filing on May 12, 2006, with an effective date of May 12, 2006.

commenter strongly suggests that Western maintain this equitable process in its RA Plan. As such, all CVP water and power customers should be assessed the cost of the RA resource acquired by Western and not just those that are located in the CAISO Balancing Authority Area.

Another commenter believes that Western's current methodology of spreading the costs to implement Western's RA Plan to those customers that are situated in the CAISO Balancing Authority Area is consistent with sound cost causation principles. As such, Western's proposal to include Liquidated Damages Contracts (LD Contracts) that are backed up by reserves in the originating balancing authority area should also be treated in this fair manner so if there is a requirement for Western or any other balancing authority to provide reserves or firming services to satisfy the obligations to meet the RA requirements for those customers, these costs not be spread to all Western customers.

Another commenter feels that commenter's public agency members should not have to pay for RA in light of the fact that it is only using 55 percent of its share of the New Melones entitlement. The remaining 45 percent of its entitlement will provide for its load growth well into the future. The commenter is also concerned that control of the generating units by the CAISO could possibly reduce the amount of energy generation at New Melones and, therefore, potentially impact the commenter's entitlement. The New Melones entitlement was granted to public agencies within Calaveras and Tuolumne Counties to mitigate, in part, the adverse impacts the New Melones Project has on the local counties. Every effort should be made by Western to preserve the intent of this entitlement and not burden these customers with additional costs.

Response: The United States' CVP hydroelectric facilities are operated by the Bureau of Reclamation (Reclamation) and are operated primarily to meet authorized project purposes that have a higher priority than power generation, such as irrigation and flood control. These purposes are determined by Federal law.[7] Western's flexibility to modify generation schedules and ancillary service availability is limited by these and other related constraints. Once the above obligations are met, the power remaining must next be used to meet the Project Use needs of the CVP.[8] After the Project Use needs are met, under Federal law and the 2004 Power Marketing Plan (Marketing Plan), the next priority for the use of the CVP generation is to meet the First Preference Customer loads.[9] The New Melones Project provisions of the Flood Control Act of 1962 (76 Stat. 1173, 1191–1192) and the Trinity River Division (TRD) Act (69 Stat. 719) (together, First Preference Acts) specify that First Preference Customers are entitled up to 25 percent of the power generated as a result of the construction of the New Melones Project and the TRD Project. Under Western's Marketing Plan, Western serves First Preference Customers with power prior to making power available to other Preference Customers.[10] Western recognizes that costs associated with the Planning Reserve Margin (PRM) are incurred based on loads in the CAISO Balancing Authority Area. Western has analyzed the allocation of the PRM from a cost/causation standpoint. Western recognizes it markets power in excess of Project Use loads, and that First Preference Customers are entitled to receive up to 25 percent of the extra generation, which the TRD and New Melones Projects add to the integrated CVP system. Western agrees that the First Preference Customers in Trinity, Tuolumne, and Calaveras Counties currently do not utilize their entire allocations. Western agrees that both the Project Use loads and the First Preference Customers receive the generation of the CVP hydroelectric units under the Marketing Plan before it is marketed as BR power to other Western customers, and all Western customers are benefiting from Western's proposal not to use the CVP regulating reservoirs to provide the required PRM for the Project Use loads and First Preference Customers. By not utilizing the CVP regulating reservoirs to supply PRM for Project Use loads and First Preference Customers, Western is able to provide more preference power to other CVP power users. Western has the discretion to weigh the benefits and burdens of utilizing the CVP regulating reservoirs to provide PRM versus making purchases for PRM from the market. Based on the statutory entitlements to Project Use loads and First Preference Customers and the benefits to the preference customers of not utilizing the CVP for PRM for Project Use loads and First Preference Customers, Western has decided to include a portion of the costs associated with Western's obligations to meet the PRM for the Project Use loads and First Preference Customers in the CAISO Balancing Authority Area in the Power Revenue Requirement.

Western has determined that it will first allocate the costs associated with its acquisition of PRM on a load ratio share basis to the loads in the CAISO Balancing Authority Area for which the PRM was procured. Then adjustments will be made to these costs in recognition of the statutory requirements for Project Use loads and First Preference Customers. The PRM costs to be allocated to Project Use load will be limited to a percentage determined as a ratio of forecasted annual Project Use load to annual CVP generation similar to those used in Reclamation's cost sub-allocation of annual operation and maintenance costs. The remaining portion of the PRM costs for the Project Use load will be allocated to the Power Revenue Requirement. The PRM costs to be allocated to First Preference Customers will be limited to their First Preference Customer percentage calculated at the beginning of each fiscal year, as it is identified under Western's Schedule of Rates for BR and First Preference Power, currently rate schedule CV–F12, as it may be superseded from time-to-time. This percentage, when utilized for allocating PRM costs, will be subject to revision in October only and will not be revised in March of each year as provided for in rate schedule CV–F12. The remaining portion of the PRM costs for the First Preference Customers will be allocated to the Power Revenue Requirement.

The remaining Preference Customers on whose behalf Western is procuring PRM do not have an allocation of power based on similar statutory requirements. Their allocation is discretionary in accordance with Western's Marketing Plan. Under the Marketing Plan, such Preference Customers receive an allocation of BR, which is an allocation of power remaining after serving Project Use loads and First Preference Customers. Therefore, Western will continue to allocate the costs associated with its acquisition of PRM for these customers on a load ratio share basis based on their loads in the CAISO Balancing Authority Area, and such PRM costs will not be included in the Power Revenue Requirement.

Types of Resources for RA Capacity and Qualifying Capacity

A. Availability of Resources

Comment: A commenter states that Western's proposed RA Plan is based on making only the reserve portion of

[7] *See, e.g,* 50 Stat. 844, 850 (1937).

[8] *See id.*

[9] *See* 64 FR 34417 (1999).

[10] *See* 64 FR 34417 (1999).

Western's capacity available to the CAISO. The commenter further states that it understands the CAISO is expecting the entire resource portfolio (capacity serving load and used for reserves) to be available for CAISO use. Western should reconcile this apparent difference.

Response: Due to Federal policies in support of the Marketing Plan in Western's marketing and operations processes, Western cannot make CVP hydroelectric units available to the CAISO for PRM. Western will use the CVP hydroelectric units as Qualifying Capacity to meet Western's load in the CAISO Balancing Authority Area. Western has made this clarification in its Final RA Plan. Section 40.5.1 of the CAISO Tariff and Section 40.2.2.2 of the CAISO's proposed MRTU Tariff require the Scheduling Coordinator (SC) for a CPUC non-jurisdictional LSE to provide the CAISO with a description of the criteria adopted by the LRA or Federal agency for determining qualifying resource types and the Qualifying Capacity for such resources. Western has followed the requirements in Section 40.2.2.2 and has included its criteria in its Final RA Plan.

B. Customer Purchases of RA

Comment: A commenter requests that Western's Final RA Plan explicitly provide for a load serving customer that has a separate SC identifier (ID) with the option to ''self provide'' the required RA rather than being required to subscribe to the capacity provided by Western. The commenter routinely provides its own resources to serve load and may, in the future, also wish to meet its RA requirements through a similar procurement process. The commenter recognizes that any resource being self provided for RA purposes would have to meet comparable criteria that are used by Western to qualify as RA or otherwise as provided by the IRRP and/or MRTU Tariff. The commenter also recognizes that the option to self provide would need to be exercised in a timely manner such that Western has sufficient notice to act appropriately. The commenter recognizes that such self provision may not include Western's BR.

Response: Western understands that certain customers may want to explore other options for meeting their individual RA requirements. Western will consider a modification to its Final RA Plan at any time in the future if a customer presents an option to Western for self providing its own RA requirements that meets the requirements of Western's Final RA Plan, can be implemented by Western, is acceptable to the CAISO, and is consistent with the requirements of Section 40 of the CAISO Tariff and the proposed MRTU Tariff.

C. LD Contracts

Comment: A commenter supports Western's determination that the use of LD Contracts with firm transmission qualify as capacity for the purpose of meeting applicable reserve requirements.

Several commenters are concerned that Western's proposal to use LD Contracts to meet its RA Plan requirements does not explain what, if any, limits Western will set on the use of LD Contracts. The commenters state that under the CPUC program, which is applicable only to LSEs under the CPUC's jurisdiction, firm imports and unit specific LD Contracts may be counted as RA Capacity, while non-unit specific contracts are limited as RA Resources. The commenters believe that Western should adopt these limitations for the RA requirements that Western intends to meet through its LD Contracts unless Western is relying, for RA purposes, solely on LD Contracts with firm transmission to a tie point; i.e., import LD Contracts. In the case of such import LD Contracts, the limitations set forth in the CAISO Tariff and the proposed MRTU Tariff will not be necessary, but Western should clarify, for avoidance of doubt, the nature of the LD Contract at issue. A commenter states that Western has a duty to ensure the resources it contributes to the CAISO Balancing Authority Area to promote reliability actually do contribute to that goal.

Response: In its May 12, 2006, Order in Docket No. ER06–723–000, the Commission states, ''WAPA, as an LRA, can determine the extent to which liquidated damages contracts count toward its resource adequacy requirements.'' [11] The Commission recognized that Western has the latitude to determine the extent to which it can use LD Contracts to meet its RA requirement. To address the concerns regarding the use of LD Contracts in the future, Western has determined at this time that it will begin to phase out its procurement of LD Contracts that originate within the CAISO Balancing Authority Area. However, Western reserves the right to revisit this decision and may opt to use LD Contracts procured in the CAISO Balancing Authority Area in the future to meet its RA requirements if the CAISO's scheduling and accounting protocols are modified so that the CAISO's concerns about deliverability and double-counting can be properly addressed. If, in the future Western is able to use LD Contracts procured in the CAISO Balancing Authority Area to meet its RA requirements, Western may purchase LD Contracts within the CAISO Balancing Authority Area under its Final RA Plan. In contrast to LD contracts that originate within the CAISO Balancing Authority Area, imports into the CAISO Balancing Authority Area are backed by reserves in the balancing authority area where the generation originates including imports from the SMUD Balancing Authority Area; whereby, Western meets both the North American Electric Reliability Council (NERC) and the Western Electricity Coordination Council (WECC) standards for operating reserves. In addition to the operating reserves that are already supporting the imports, Western will be providing an additional 5 or 10 percent of PRM, thereby, bringing the total amount of reserves that Western is making available to the CAISO for imports 10 to 15 percent or more depending on the SMUD Balancing Authority Area reserve requirements under NERC and WECC. Western has established amounts of PRM in its Final RA Plan that it considers sufficient to meet its responsibilities as an LSE meeting its loads in the CAISO Balancing Authority Area, which prevents Western from leaning on other entities, avoids cost shifting, and is consistent with the terms and conditions of Section 40 of the CAISO Tariff and the proposed MRTU Tariff.

D. Counting Methodologies

Comment: A commenter notes that Western has developed counting methodologies that diverge from those in use for the majority of resources in the CAISO-controlled grid and has not provided sufficient justification for this approach. In particular, Western and the CPUC's methodology differ when it comes to the counting of hydro resources. If Western believes that the use of its own metrics merit the increased cost and burden, are a better representation of the capacity it will have to offer to the CAISO on a monthly basis, and are worth the potential detriment to reliability, Western has an equitable obligation to explain its conclusions and to help minimize any resulting difficulty in assessing relative RA contributions of entities subject to the IRRP and/or MRTU Tariff requirements.

Response: Section 40.5.1 of the CAISO Tariff and Section 40.2.2.2 of the MRTU Tariff require the SC for a CPUC

[11] California Independent System Operator Corp., 115 FERC ¶ 61,172, slip op at p. 27 (2006).

non-jurisdictional LSE to provide the CAISO with a description of the criteria adopted by the LRA or Federal agency for determining qualifying resource types and the Qualifying Capacity for such resources. Western has followed the requirements in Section 40.5.1 of the CAISO Tariff and Section 40.2.2.2 of the MRTU Tariff and has included its criteria in its Final RA Plan. Western believes that using the 50 percent rolling 12-month forecast to determine the Qualifying Capacity and Net Qualifying Capacity for the CVP hydroelectric units is reasonable because this method takes into account the current water year conditions. Western looks at this information every year as part of its process to provide annual information to its First Preference Customers and Preference Customers under the BR contracts. In addition, although the CVP is a hydroelectric resource, the generation that can reasonably be expected is significantly less variable than typical hydroelectric projects. The CVP is not a run-of-the-river-system; it consists of a dozen, integrated, large, multi-use, Federal water and power projects with many dams and reservoirs throughout northern California.[12] The considerable storage in the CVP reservoirs enables Reclamation to meet water demands through dry and critical years at reduced, but reasonably predictable, levels. Another factor which reduces variability is the fact that the CVP is an integrated multi-reservoir project. The firmness and predictability of the CVP power resource is, therefore, significantly greater than most other hydroelectric projects in California.

E. Separation of Resources

Comment: A commenter states that Western, through the RA Plan, intends to meet RA requirements for Western customers residing in the CAISO Balancing Authority Area. Such an approach appears to provide adequate separation of resources that are to provide: (1) BR and ancillary services to all Western customers and (2) resources that are procured for RA requirements for those Western customers residing in the CAISO Balancing Authority Area. It is the commenter's expectation that future purchases by Western to meet RA requirements for certain Western customers within the CAISO Balancing Authority Area will be given the same treatment. The commenter further states that it does not view capacity purchases for PRM requirements to be the same as purchases made for CAISO RA requirements. PRM provides supply coverage to all Western customers regardless of whether that customer resides in the CAISO Balancing Authority Area or the SMUD/Western Balancing Authority Area.

Response: Western's Final RA Plan does provide a separation of the resources that will be used to meet BR and ancillary services to all Western customers from the resources that will be procured for RA requirements for Western customers residing in the CAISO Balancing Authority Area.

Amount of PRM To Be Procured

Comment: A commenter states that Western's application of the reserve percentage and the CAISO's application of the reserve percentage differ. The commenter states that Western needs to clarify how it will apply its reserve percentage and explain how it compares to the method employed by the CAISO.

Another commenter is concerned that the 5 to 10 percent reserve margin proposed by Western may prove inadequate. The commenter suggests that Western adopt a higher reserve margin and assure that this reserve margin is uniform throughout the year.

Another commenter believes that the reserve margin percentage for the RA Capacity procured by Western should not vary on a monthly basis or from season-to-season.

Another commenter recommends that Western consider procuring from the market only the RA needed to meet what used to be called planning reserves. The commenter suggests that Western add this procurement to what used to be called operating reserves (those reserves that Western is already obligated to provide) and present the sum total as Western's RA level. If so, while Western's total RA level may be more than 5 or 10 percent, the amount of RA Western purchases for planning reserves should arguably be less.

Another commenter wants to commend Western's staff for arranging to meet its customers' needs regarding the CAISO's MRTU RA requirements. While the commenter does not believe the RA requirements are truly fair or necessary, the commenter acknowledges the CAISO's ability to demand such reserves within its Balancing Authority Area. In addition, the commenter states that it believes Western's RA reserve acquisition plan for its Full Load Service (FLS) Customers fully meets reserve margins that could occur as a result of the commenter's operations. The commenter believes that the power purchased by Western for the FLS Customers comes with reserve margins that meet WECC and NERC requirements. The commenter states that the RA reserves that Western will purchase under its RA Plan will supplement and fully meet any reserve levels required under the CAISO's MRTU regulations.

Another commenter states that it supports Western's acquisition of generation capacity resources to be committed to the CAISO in order to meet the RA requirement.

Another commenter is concerned that Western's proposed PRM does not adequately address the variety of concerns necessary to assure reliable grid operations. The commenter states that the CPUC has adopted a PRM of 15 to 17 percent and has proposals before it to raise that percentage. The commenter states that the CAISO suggests maintenance of 7 percent operating reserves in order to meet WECC requirements. This 7 percent does not include accounting for a variety of additional concerns, including forced generator outages, forecast error, and uncertainties in resource counting conventions.

Another commenter states that Western's currently proposed RA Plan calls for a seasonal PRM ranging from 5 to 10 percent. The description of this PRM and Western's Proposed RA Plan and the discussion held with the CAISO on May 16, 2007, make it clear that Western's RA Plan confuses the PRM element by misapplying capacity and energy issues, collapsing operational and planning reserve concepts, avoiding obligations to make resources available to the CAISO and to contribute to local RA needs, misunderstanding RA import allocations, and providing for load forecasting methodologies that are not permissible under the IRRP and/or MRTU Tariff. The commenter states that although Western does have some flexibility to determine its own PRM and is not bound by the CAISO default level, Western has the burden to show that any level proposed below the default will be sufficient to prevent leaning and consequent cost shifting. Given the level of load served by Western in California, a PRM at least on par with the minimum adopted for CPUC jurisdictional LSEs, currently 15 percent, should be expected to prevent Western from leaning on other entities.

A commenter states that Western's RA Plans propose to establish a peak seasonal PRM of 10 percent and an off-peak seasonal PRM of 5 percent. At a May 16, 2007, meeting with the CAISO, the CAISO claimed that Western misunderstood the underpinnings of the PRM because the stated values did not incorporate the expected provision of

[12] *See*, e.g., 50 Stat. 844, 850 (1937); 63 Stat. 852 (1949); 64 Stat. 1036 (1950); 69 Stat. 719 (1955); 76 Stat. 1191–2 (1962).

required operating reserves. For instance, the CPUC derived its 15 to 17 percent PRM to account for: (1) The LSE's demand; (2) the LSE's proportionate share of operating reserves; (3) generator forced outages; and (4) intrinsic forecast error. Western, or the LRA it serves, has the authority to determine its PRM. The commenter requests that Western consider PRMs that fully incorporate, at a minimum, for the above-described factors and that it fully explain the development of the revised PRMs.

Response: While Western is not required to submit an RA Plan, Western has voluntarily done so to comply with the spirit of the Commission's order and to assist the CAISO to meet its CPUC obligations. The CAISO Tariff and the MRTU Tariff acknowledge that Western, as an LRA, may establish its own RA Plan and its own level of PRM.

For imports, Western has chosen to provide more reserves to the CAISO during the summer peak months when reserves are more critical to the CAISO. In addition to the operating reserves that are already supporting imports, Western will be providing an additional 5 or 10 percent of PRM, thereby, bringing the total amount of reserves that Western is providing for imports to 10 to 15 percent or more depending on the SMUD Balancing Authority Area reserve requirements. Because imports into the CAISO Balancing Authority Area are backed by reserves in the balancing authority area where the generation originates, including imports from the SMUD Balancing Authority Area whereby Western meets both NERC and WECC standards for operating reserves, Western is already meeting its requirements for operating reserves and will not be modifying the amount of PRM it will procure for imports into the CAISO Balancing Authority Area. As part of its Final RA Plan for imports, Western is adopting the 5 to 10 percent PRM outlined in its proposed Final RA Plan; however, Western will make it clear that such resources must be backed by appropriate NERC and WECC reserves. Because Western will require its imports to carry NERC and WECC reserves, during the critical summer months, imports under Western's Final RA Plan will have the equivalent of up to 15 percent PRM or more depending on the SMUD Balancing Authority Area operating reserve requirement to meet NERC and WECC standards.

Also factoring into Western's decision is information that Western received at a May 16, 2007, public meeting with the CAISO in which the CAISO explained that the 15 to 17 percent PRM that CPUC jurisdictional entities are required to provide to the CAISO includes the WECC operating reserves. Western modified the amounts of PRM that it will provide to the CAISO for resources, including LD Contracts, procured in the CAISO Balancing Authority Area until such time as the procurement of LD Contracts is phased out by Western. For these resources, Western is adopting a 15 percent PRM for all months, which includes capacity to cover operating reserves for those resources within the CAISO Balancing Authority Area, which the CAISO states does not include operating reserves.

Western has established amounts of additional capacity in its Final RA Plan that it considers sufficient to meet its responsibilities as an LSE meeting its loads in the CAISO Balancing Authority Area, which prevents Western from leaning on other entities, avoids cost shifting, and is consistent with the terms and conditions of Section 40 of the CAISO Tariff and the MRTU Tariff.

As for the commenter's concerns about Western avoiding its contribution to local RA needs, please see response in section entitled ''Local Capacity Area Resource Commitments.''

As for the commenter's concerns about Western using load forecasting methodologies that are not permissible under the CAISO Tariff and/or MRTU Tariff, although Western is not required to do so, Western has submitted and intends to continue to submit relevant load data to the California Energy Commission (CEC) so that the CEC can provide coincident peak information to the CAISO.

Local Capacity Area Resource Commitments

Comment: Several commenters state that Western has not addressed how it will meet the locational aspects of the CAISO's capacity planning requirements and that Western's Final RA Plan should address its obligations to contribute to local RA needs.

Response: Based on the information presented during the consultation and comment period, Western has revised its RA Plan to address locational aspects of the CAISO's capacity planning requirements. Specifically, beginning with calendar year 2008, Western plans to follow the terms and conditions of Section 43 of the CAISO Tariff as it relates to the procurement of LRA and Section 40 of the MRTU Tariff as it relates to the procurement of Local Capacity Area Resources to the extent there are resources available to purchase.

Election of LSE Status

A. Reserve Sharing LSE versus Modified Reserve Sharing LSE

Comment: A commenter notes that Western's proposed RA Plan does not provide for the provision of reserves pursuant to Sections 40.1.1, 40.2.3, and 40.5 of the MRTU Tariff. These MRTU Tariff sections provide for reserves to be made available pursuant to a ''Modified Reserve Sharing LSE'' option. The commenter believes there are potential benefits to be derived from this option and strongly recommends and encourages Western to make the Modified Reserve Sharing LSE option available to its customers under its proposed RA Plan. The option would allow for the provision of RA based on a percentage of hourly loads rather than Western's proposal to provide RA based on a percentage of the monthly peak load. The Modified Reserve Sharing LSE option could greatly reduce the overall level of capacity a customer is required to provide to the CAISO.

Another commenter states that Western's Final RA Plan must make it clear how Western will meet its obligations as a reserve sharing entity under the MRTU Tariff and how it plans to stay within its share of RA import capacity.

Another commenter states that the SC for the LSE must communicate the election of either Reserve Sharing LSE or Modified Reserve Sharing LSE to the CAISO on behalf of the LSE. The commenter further states that Western must determine whether it is the SC, the LSE, and/or the LRA on behalf of its customers.

Response: Western's proposed RA Plan was prepared in response to the terms and conditions of Section 40 of the CAISO Tariff and the proposed MRTU Tariff. Western's Final RA Plan clarifies how Western will meet its obligations as a reserve sharing entity. In accordance with Section 40 of the MRTU Tariff, each year Western has the ability to change its designation as to whether it elects to be a Reserve Sharing LSE or a Modified Reserve Sharing LSE. Since this election can change from year-to-year, this is not information that Western would include in its Final RA Plan, which is a document that Western does not expect to modify regularly. Under Western's current business operations and its current contracts, Western is unable to meet the necessary requirements contained in Section 40 of the MRTU Tariff to qualify for the Modified Reserve Sharing LSE option. Specifically, Western is not the SC for the resources it schedules to meet its loads in the CAISO Balancing Authority

Area. In addition, Western understands from the CAISO that all of the loads, for which Western is the LSE and the SC, must fall into the same category, either Reserve Sharing LSE or Modified Reserve Sharing LSE. If, in the future, the CAISO changes the requirements in Section 40 of the MRTU Tariff for a Modified Reserve Sharing LSE so that Western could meet the requirements, Western would have the option of changing its designation to a Modified Reserve Sharing LSE. Western would not consider such a change a significant modification of the Final RA Plan. Western has revised its Final RA Plan so that determination of Net Qualifying Capacity for deliverability within the CAISO Balancing Authority Area and deliverability of imports is consistent with the terms and conditions of Section 40 of the MRTU Tariff. Western is not able to address how Western plans to stay within its share of RA import capacity at this time as Western's share of the RA import capacity has not been determined. At this time, Western is an LRA and considers itself to be the SC and the LSE on behalf of its customers in the CAISO Balancing Authority Area for which Western is responsible for meeting their load. If, in the future, a Western customer desires to become its own LRA and LSE, Western is committed to working with that customer and the CAISO to accommodate the customer's request to the extent possible and allowed by Federal law.

B. Coordination With CEC

Comment: A commenter states that the election status of an LSE/LRA affects the applicable Demand Forecast methodologies that can be employed. The commenter understands that Western intends to base its RA program on a coincident peak demand. The commenter urges Western to contact the CEC and submit the necessary load data to permit compliance with the MRTU Tariff.

Another commenter encourages Western to fully cooperate with the efforts of the CEC to address the RA contributions of all LSEs within the State of California and the efforts of the CAISO to ensure base, consistent, and critical contributions of all LSEs toward an effective and reliable grid.

Response: Although Western is not required to do so, Western has submitted, and intends to continue to submit, relevant load data to the CEC so that the CEC can provide coincident peak information to the CAISO.

Transmission and Intertie Capacity

Comment: A commenter states that it expects that current and future use of the California Oregon Transmission Project (COTP) and/or the Pacific Northwest-Southwest Alternating Current Intertie (PACI) will first be applied to meeting Western's obligations under the Marketing Plan before utilization for RA requirements for those customers located in the CAISO Balancing Authority Area.

Response: Western will determine the use of its transmission resources to meet its obligations under the Marketing Plan and its RA requirements to best meet the needs of Western and its customers.

Comment: A commenter would be interested in understanding Western's process for allocating its intertie capacity to other Western customers that may have future RA issues that are not necessarily tied to the CAISO RA process.

Response: This comment is outside of the scope of this proceeding.

Deliverability

Comment: A commenter states that Western should carefully review the import deliverability section of the MRTU Tariff in formulating its revised RA Plans.

Response: Western has revised its Final RA Plan so that determination of Net Qualifying Capacity for deliverability within the CAISO Balancing Authority Area and deliverability of imports will be subject to the terms and conditions of Section 40 of the MRTU Tariff. Under Section 40 of the MRTU Tariff, Net Qualifying Capacity is determined under the criteria provided by an LRA and consistent with testing and verification by the CAISO and deliverability restrictions. Under Western's Final RA Plan, Western has designated 100 percent of the forecasted capacity of all of its CVP hydroelectric generation facilities as Qualifying Capacity. In addition, Western has designated the contracted capacity from firm imports into the CAISO Balancing Authority Area as Qualifying Capacity and the contracted capacity from existing LD Contracts in the CAISO Balancing Authority Area as Qualifying Capacity. To address the concerns regarding the use of LD Contracts in the future, Western has determined at this time that it will begin to phase out its procurement of LD Contracts that originate within the CAISO Balancing Authority Area until such time the CAISO's concerns about deliverability and double-counting can be properly addressed. Western reserves the right to revisit this decision and may opt to use LD Contracts procured in the CAISO Balancing Authority Area in the future to meet its RA requirements if the CAISO's scheduling and accounting protocols are modified so that the CAISO's concerns about deliverability and double-counting can be properly addressed. If, in the future, Western is able to use LD Contracts procured in the CAISO Balancing Authority Area to meet its RA requirements, Western may purchase LD Contracts within the CAISO Balancing Authority Area under its Final RA Plan.

Future Drafts of the RA Plan

Comment: A commenter states that they look forward to the next draft of Western's RA Plan.

Response: In the **Federal Register** notice announcing Western's Proposed Final RA Plan for transactions in the CAISO's Balancing Authority Area (72 FR 20528), Western stated that it would evaluate all comments received and prepare its Final RA Plan. After reviewing the comments received, Western does not feel the changes it has made to its proposed Final RA Plan are significant enough to solicit additional public comments. Western's Final RA Plan is included in this **Federal Register** notice.

Development of the Final RA Plan

Western revised the Final RA Plan as a result of the comments received during the comment period. Western thanks all the commenters for providing additional information that Western used as part of its decision-making process.

The Final RA Plan will be: (1) Published in the **Federal Register**; (2) submitted to the CAISO; and (3) used by Western when Western is acting as an LSE in the CAISO Balancing Authority Area. The CAISO has established guidelines for RA and RA Capacity, which LSEs must meet for transactions in the CAISO Balancing Authority Area. Both the IRRP and MRTU Tariff acknowledge that Western, as an LRA, may establish its own RA Plan.[13]

Western understands that the California State Legislature enacted Assembly Bill (AB) 380 to require the CPUC, in consultation with the CAISO, to establish RA requirements for all LSEs under the CPUC's jurisdiction.[14] AB 380 requires LSEs subject to the CPUC's jurisdiction to procure adequate resources to meet their peak demands,

[13] See, e.g., Section 40.4 of MRTU Tariff, Section 40.5 of IRRP Tariff.

[14] 115 FERC ¶ 61,172 at paragraph 4.

planning, and operating reserves.[15] The state requires LSEs subject to the CPUC's jurisdiction to demonstrate that they have acquired sufficient capacity to serve their forecasted retail customer load and a 15- to 17-percent margin. As a Federal agency, Western is not subject to the state's jurisdiction.

In developing its final RA Plan, Western analyzed and weighed many different factors, including the Commission's orders related to the CAISO's RA requirements, the CAISO Tariff that incorporates the IRRP, the MRTU Tariff, the CPUC's requirements and default margins, the impacts on preference customers, similar treatment among the users of the CAISO grid, the limitations imposed on Western as a result of Federal law, and Federal and industry standards and guidelines related to reliable operations of power systems. The comments reflect a broad range of interests associated with the development of Western's Final RA Plan.

There are several distinct factors related specifically to the way that Western conducts its business that influenced Western's preparation of its Final RA Plan. The Final RA Plan contains detailed information on the factors that went into Western's development of the Final RA Plan. Western documents, as part of this **Federal Register** notice, the pertinent factors that influenced Western's preparation of its Final RA Plan.

The United States' CVP hydroelectric facilities are operated by Reclamation. The CVP Act, as amended, integrates the various CVP facilities.[16] The CVP is operated primarily to meet authorized project purposes that have a higher priority than power generation, such as irrigation and flood control.[17] These purposes are determined by Federal law. Western's flexibility to modify generation schedules and ancillary service availability is limited by these and other related constraints. Congress authorized the PACI to firm the CVP and authorized the COTP to support the Department of Energy (DOE) Laboratories and other Federal uses in the State of California.[18] Western imports power into its SBA over the PACI, COTP, and other Federal transmission facilities. In northern California, Western markets power from a dozen Federal dams, primarily those in the Federal CVP, under its Marketing Plan.[19] Under the Marketing Plan, Western executed the majority of its power sales contracts with its statutory Preference and First Preference Customers in late 1999 and early 2000. In northern California, Western has established a contract-based SBA within the SMUD Balancing Authority Area. Unlike other LSEs, Western sells power to a diverse group of customers in northern California, including large municipal utilities such as SMUD, the City of Redding, and the City of Santa Clara, as well as smaller irrigation districts, Native American Tribes, and Federal and state agencies. These customers are located within the CAISO Balancing Authority Area, the Turlock Irrigation District Balancing Authority Area, the SMUD Balancing Authority Area, and Western's own SBA. Many of Western's customers are wholesale customers who are LSEs for their own customers. Other Western customers receive power from both Western and another utility, such as the Pacific Gas and Electric Company (PG&E). Under Western's Marketing Plan, and from a contractual standpoint, Western sells CVP generation to loads in the CAISO Balancing Authority Area from its SBA. Western is unable to use the CVP hydroelectric facilities in the SMUD Balancing Authority Area to meet PRM requirements because, in contrast to other utilities and non-jurisdictional LSEs in California, Western must follow Federal directives in its marketing and operations. The CVP hydroelectric facilities are owned by Reclamation and operated primarily to meet authorized project purposes that have a higher priority than power generation. Western's flexibility to modify generation schedules and ancillary service availability is limited by these and other related constraints.

Western's Final RA Plan addresses how the RA requirements will be met for those customers for which Western serves their loads and who are located in the CAISO Balancing Authority Area. These customers are Western's FLS Customers, Western's four First Preference Customers, the National Aeronautics and Space Administration, Ames Research Center (NASA-Ames), and a subset of Reclamation's Project Use loads.

Final RA Plan

Acronyms and Definitions

As used herein, the following acronyms and definitions when used with initial capitalization, whether singular or plural, will have the following meanings:

Administrator: The Administrator of the Western Area Power Administration.

BR: Base Resource—CVP and Washoe Project power output, determined by Western to be available for marketing, after meeting the requirements of Project Use and First Preference Customers, and any adjustments for maintenance, reserves, transformation losses, and certain ancillary services.

Balancing Authority: As defined by NERC: The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.

Balancing Authority Area: The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resource balance within this area.

CAISO/ISO: The California Independent System Operator Corporation.

CVP: The Central Valley Project—The multipurpose Federal water and power project extending from the Cascade Range in northern California to the plains along the Kern River south of the city of Bakersfield, California.

Capacity: The electrical capability of a generator, transformer, transmission circuit, or other equipment.

Commission: The Federal Energy Regulatory Commission.

Current RA Plan: That plan submitted by Western, acting as its own LRA, to the CAISO in September 2006.

Custom Product: A combination of products and services, excluding provisions for load growth, which may be made available by Western per customer request, using the customer's Base Resource and supplemental purchases made by Western.

DOE: United States Department of Energy.

Demand Forecast: As defined by the CAISO Tariff:[20] An estimate of demand over a designated period of time.

Energy: Measured in terms of the work it is capable of doing over a period of time; electric energy is usually measured in kilowatthours or megawatthours.

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[15] Id.

[16] See, e.g., 50 Stat. 844, 850 (1937); 63 Stat. 852 (1949); 64 Stat. 1036 (1950); 69 Stat. 719 (1955); 76 Stat. 1191–2 (1962).

[17] See id.

[18] Pub. L. No. 88–552, 78 Stat. 756 (1964), as amended; Pub. L. No. 98–360, 98 Stat. 403 (1984), as amended, 50 Stat. 844 (1937), as amended.

[19] 64 FR 34417 (1999).

[20] References to the ''CAISO Tariff'' refer to the current CAISO Tariff as that document may be amended and modified, including as modified by the MRTU Tariff. As indicated below, Western, however, reserves the right to make changes to its Final RA Plan as needed as a result of changes to the CAISO Tariff. Where terms only appear in the proposed MRTU Tariff, Western has specifically referenced the MRTU Tariff.

FLS Customers: Full Load Service Customers—The subset of Western's Preference customers that has contracted with Western to provide portfolio management services and meet their total projected loads.

Final RA Plan: This plan that Western, acting as its own LRA, has adopted in this **Federal Register** notice and will submit to the CAISO.

First Preference Customer: A customer wholly located in Trinity, Calaveras, or Tuolumne Counties, California, as specified under the Trinity River Division Act (69 Stat. 719) and the New Melones provisions of the Flood Control Act of 1962 (76 Stat. 1173, 1191–1192).

Initial RA Plan: That plan submitted by Western, acting as its own LRA, to the CAISO on May 19, 2006.

LD Contract: Liquidated Damages Contract—Firm Liquidated Damages Contracts are those transactions utilizing or consistent with Service Schedule C of the Western Systems Power Pool (WSPP) Agreement or the Firm Liquidated Damages product of the Edison Electric Institute pro forma agreement, or any other similar firm energy contract that does not require the seller to source the energy from a particular unit and specifies a delivery point internal to the CAISO Balancing Authority Area.

LRA: Local Regulatory Authority—The Federal, state, or local governmental authority responsible for the regulation or oversight of a utility.

LSE: Load Serving Entity—Any entity (or the duly designated agent of such an entity, including; e.g., a Scheduling Coordinator), including a load aggregator or power marketer; that (a)(i) serves End Users within the CAISO Control Area and (ii) has been granted authority or has an obligation pursuant to California State or local law, regulation, or franchise to sell electric energy to End Users located within the CAISO Control Area; or (b) is a Federal Power Marketing Administration that serves End Users.

Local Capacity Area: As defined by the MRTU Tariff: Transmission constrained area as defined in the study referenced in Section 40.3.1 of the CAISO Tariff.

Local Capacity Area Resources: As defined by the MRTU Tariff: Resource Adequacy Capacity from a Generating Unit listed in the technical study or Participating Load that is located within a Local Capacity Area capable of contributing toward the amount of capacity required in a particular Local Capacity Area.

Local Resource Adequacy: As used herein, Local Resource Adequacy encompasses all defined terms related to the Local Resource Adequacy requirements as set forth in Appendix A of, and as used in, Section 43 of the CAISO Tariff incorporating IRRP.

Modified Reserve Sharing LSE: As defined by the MRTU Tariff: A Load Serving Entity whose Scheduling Coordinator has informed the CAISO in accordance with Section 40.1 of its election to be a Modified Reserve Sharing LSE.

Net Qualifying Capacity: Qualifying Capacity reduced, as applicable, based on: (1) Testing and verification; (2) application of performance criteria; and (3) deliverability restrictions. The Net Qualifying Capacity determination shall be made by the CAISO pursuant to the provisions of the CAISO Tariff and any applicable manual or procedure.

PRM: Planning Reserve Margin—Western's Planning Reserve Margin shall be that amount of capacity in megawatts (MW) that exceeds the Demand Forecast for SNR's loads as determined under Section 40 of the MRTU Tariff.

Power Revenue Requirement: The annual revenue that must be collected from CVP power customers to recover annual expenses, such as operation and maintenance, purchase power, transmission service expenses, interest, and deferred expenses, and to repay Federal investments and other assigned costs.

Preference: The requirements of Reclamation Law which provide that preference in the sale of Federal power be given to certain entities, such as municipalities and other public corporations or agencies and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 (Reclamation Project Act of 1939, Section 9(c), 43 U.S.C. 485h(c)).

Project Use: The power used to operate CVP or Washoe Project facilities in accordance with authorized purposes and pursuant to Reclamation Law.

Qualifying Capacity: Resources used to meet load requirements. SNR has established the criteria for calculating Qualifying Capacity in its Final RA Plan.

RA Capacity: Resource Adequacy Capacity—As defined by the CAISO Tariff: The generation capacity of an RA Resource listed on an RA Plan and a Supply Plan.

RA Plan: Resource Adequacy Plan—As defined by the CAISO Tariff: A submission by a Scheduling Coordinator for a Load Serving Entity serving Load in the CAISO Control Area in order to satisfy the requirements of Section 40 of the CAISO Tariff.

RA Resource: Resource Adequacy Resource—As defined by the CAISO Tariff: A resource that is required to offer Resource Adequacy Capacity. The criteria for determining the types of resources that are eligible to provide Qualifying Capacity may be established by the CPUC, other applicable Local Regulatory Authority and provided to the CAISO, or the default provision in Section 40.13 of the CAISO Tariff.

Reclamation: United States Department of the Interior, the Bureau of Reclamation.

Reserve Sharing LSE: As defined by the MRTU Tariff: A Load Serving Entity whose Scheduling Coordinator has informed the CAISO in accordance with Section 40.1 of its election to be a Reserve Sharing LSE.

SBA: Sub Balancing Authority Area—An electric system operating within a Balancing Authority Area that is bounded by meters and is responsible for the performance of generation, load, and transmission connected to the Sub Balancing Authority Area's electric system.

SC: Scheduling Coordinator—As defined by the CAISO Tariff: An entity certified by the CAISO for the purposes of undertaking the functions specified in Section 4.5.3.

TPP Contracts: Third-Party Power Contracts—An agreement that a Full Load Service Customer has to purchase energy from an entity other than Western.

Western: United States Department of Energy, the Western Area Power Administration.

Western's Final RA Plan follows:

Western Area Power Administration, Sierra Nevada Region—Acting as an LRA Establishes the Following RA Plan

Western, Sierra Nevada Region (SNR), is a certified SC and an LSE for certain loads and resources within the CAISO Balancing Authority Area. Acting as its own LRA, SNR establishes the following RA Plan. SNR is submitting this plan voluntarily to comply with the spirit of the Commission's order to assist the CAISO to meet its CPUC obligations in the development of its requirements. This RA Plan has been developed in accordance with sections of the current CAISO Tariff incorporating the IRRP and Section 40 of the CAISO's proposed MRTU Tariff and addresses: (1) Current load obligations; (2) qualifying capacity criteria; (3) deliverability considerations; (4) demand forecasts and protocols; (5) PRMs; (6) types of resources for RA requirements; and (7) local resource requirements for SNR's obligation as an LSE and SC in the CAISO Balancing Authority Area. As an

SC, SNR will apply these criteria to its monthly and annual resource plans.

This RA Plan applies to the following classes of loads served by SNR in the CAISO Balancing Authority Area: (1) Reclamation's Project Use loads; (2) SNR's First Preference and FLS Customers; and (3) NASA-Ames. These customer classes are defined later in this RA Plan. With this submission, Western does not alter its position nor does it waive any legal rights or defenses it may have regarding the applicability of the MRTU Tariff to Western including, but not limited to, any rights and defenses raised by Western in ER06–723–000, et al. and ER06–615–000, et al. and any related dockets.

Background

SNR markets power in accordance with specific Federal statutes,[21] regulations, and policies. In contrast to other utilities and non-jurisdictional LSEs in California, SNR must follow Federal policies in its marketing and operations.[22] The following background information is included in light of this unique requirement. The information presented below is not meant to be exhaustive but may be helpful to better understand this RA Plan.

Western's SNR Office located in Folsom, California, markets power from the CVP and the Washoe Project. The body of laws applicable to CVP facilities is known collectively as Reclamation Law, including specific authorizing legislation for each CVP facility.[23] The CVP was reauthorized in the Rivers and Harbors Act of 1937 (Act of 1937).[24] The Act of 1937 defined the priorities for the purposes of the CVP as: (1) Navigation and flood control; (2) irrigation and municipal and industrial water supplies; and (3) power supply.[25] The Central Valley Project Improvement Act (CVPIA) in 1992 modified the authorizations of the CVP to include fish and wildlife as a new authorized purpose.[26] Along with managing several threatened and endangered species in the CVP service area, the net effect of CVPIA was to establish specific mitigation objectives and to establish a CVPIA Restoration Fund, which requires payments from CVP water and power customers to fund activities to mitigate damages caused by the construction and operation of the CVP upon the native fish and wildlife resources.[27]

CVP hydroelectric power is delivered to loads throughout central and northern California. Under Reclamation Law, the first priority for CVP power is to meet the authorized loads of the project including irrigation pumping, municipal and industrial needs, authorized fish and wildlife purposes, and station service at CVP facilities.[28] Approximately 25 to 30 percent of the CVP's power generation is typically used to support Project Use loads. Under existing laws, SNR markets the remaining power to First Preference customers and preference customers, which include Indian Tribes, Federal agencies, military bases, municipalities, public utilities districts, irrigation and water districts, and state agencies.[29]

Western provides service to its customers under federally authorized marketing plans. Under SNR's Marketing Plan, which became effective on January 1, 2005, customers receive the net power output of the CVP and Washoe Projects after all project needs are met.[30] Project needs include Project Use loads, SBA operational requirements, and First Preference loads. The remaining power is provided to Preference Customers and is referred to as the ''BR.''

Preference customers that receive BR are generally divided in three groups under the Marketing Plan: BR customers, Variable Resource (VR) customers and FLS Customers. BR customers are those customers that have opted to only receive BR power from SNR. VR Customers are customers that have requested supplemental power from SNR in addition to their BR. The third category of customers, FLS Customers, are customers that have their total load at specified delivery points met by SNR through a combination of their BR and supplemental Custom Product (CP) power purchases by SNR on their behalf. FLS Customers also can bring their own contracts to SNR for SNR to manage. These contracts are called TPP Contracts.

Under the Marketing Plan, SNR has four First Preference customers. First Preference customers are a special class of customers who are statutorily entitled to up to 25 percent of the generation added to the CVP as a result of the hydroelectric facilities built in their counties.[31] The two projects whose enabling legislation provided for First Preference power are the New Melones Project, which is located in Tuolumne and Calaveras Counties, and the Trinity Project, which is located in Trinity County. As explained above, First Preference power has priority over other types of preference power in the Marketing Plan.

Current Load Obligations

SNR serves several types of loads. Appendix A lists the SC IDs that SNR schedules and the specific customers included under each SC ID. These loads are served from CVP and Washoe generation, market purchases, and customer energy exchange accounts. The following describes SNR's load obligations:

1. Project Use Loads

Project Use loads have the highest priority to CVP generation. SNR has approximately 180 delivery points for the Project Use loads, the majority of which are located in the CAISO's Balancing Authority Area. These loads are first met with CVP and Washoe generation, and in hours when the loads exceed such generation, the shortfall is met either through a customer energy exchange account or from market purchases. Several of these loads, including the San Luis Pump/Generation Station (San Luis) and Dos Amigos Pumping Plant, are operated by the California Department of Water Resources (CDWR) as joint Federal/state facilities. CDWR serves as the SC. Occasionally, CVP project water is pumped at the State of California's Banks Pumping Plant which also is scheduled as Project Use load. A significant portion of these loads are served under an Existing Transmission Contract (ETC) on the PG&E system for which PG&E served as the SC. Under Settlement Agreement 06–SNR–00944, SNR and PG&E agreed to transfer the SC responsibility for a number of Project Use loads from PG&E to SNR. SNR began scheduling these loads under the SC ID WSLW in December 2006.

2. First Preference Loads

SNR has four First Preference customers all of which are located in the CAISO Balancing Authority Area. Under the authorizing legislation for the New Melones and Trinity Projects, customers in Trinity, Tuolumne, and Calaveras Counties are entitled to have their entire load met from CVP generation, up to an amount not to exceed 25 percent of the

[21] See, e.g., 43 U.S.C. 485h; 50 Stat. 844, 850 (1937); 63 Stat. 852 (1949); 64 Stat. 1036 (1950); 69 Stat. 719 (1955); 76 Stat. 1191–2 (1962).

[22] See, e.g., id.

[23] See, e.g., 43 U.S.C. 371, et seq.

[24] See 50 Stat. 844, 850 (1937).

[25] See id.

[26] See Public Law No. 102–575 (1992).

[27] See id.

[28] See, e.g., 43 U.S.C. 485h; 50 Stat. 844, 850 (1937).

[29] See, e.g., 50 Stat. 844, 850 (1937); 43 U.S.C. 485h.

[30] 64 FR 34417 (1999).

[31] 69 Stat. 719 (1955); 76 Stat. 1173, 1191–2 (1962).

additional energy generated by the CVP as a result of the project facilities constructed in those counties.[32] In Trinity County, TPUD has an allocation of First Preference power which currently meets its entire load. In Tuolumne and Calaveras Counties, the Tuolumne Public Power Agency, the Calaveras Public Power Agency, and the Sierra Conservation Center have allocations of First Preference power that meet their entire loads.

3. Base Resource Loads

BR power is served to BR Customers, VR Customers, and FLS Customers. SNR has preference customers in all three categories located both in SNR's SBA and the CAISO Balancing Authority Area. This RA Plan is only applicable to those customers located in the CAISO Balancing Authority Area. In accordance with Federal law and SNR's Marketing Plan, the BR power must be made available to these customers before it is sold to any other entity, and it cannot be resold by these customers.[33] If a preference customer has load in any hour, it must first use the BR power it receives to meet that load before using other resources. Under the scheduling protocols developed for the Marketing Plan, BR energy schedules for all preference customers are firmed 2 days ahead, and, on those days that CVP generation is modified after the final schedules are published, the SBA is balanced through day-ahead and active-day transactions in the energy markets.

4. FLS Customer Loads

SNR has several FLS Customers, and the majority of these customers are located in the CAISO Balancing Authority Area. SNR has entered into contracts with these FLS Customers under which SNR has agreed to meet the total loads of these customers at specified delivery points. The load not met by BR energy or TPP Contracts for these customers is served from the market under long-term contracts for CP, and the portfolio is balanced on an hourly basis by day-ahead purchases or sales.

5. DOE Laboratories Loads

SNR serves four DOE Laboratory loads, three of which are located in the CAISO Balancing Authority Area. DOE has contracted with SNR for Portfolio Management service, which means SNR is responsible for balancing DOE's loads and resources. The portion of these loads not met by BR energy is served from the market under long-term TPP Contracts, and the portfolio is balanced on an hourly basis by day-ahead purchases or sales.

6. NASA–Ames Loads

NASA–Ames is a VR Customer that is located in the CAISO Balancing Authority Area. In addition to receiving its BR power, NASA–Ames has contracted with SNR to have SNR make supplemental power purchases on behalf of NASA–Ames.

7. VR Customer Loads

SNR sells supplemental power to two preference customers located in the SBA that is currently delivered over PACI. Since the loads are located in the SBA, and the only CAISO transactions are the schedules on the PACI, which result in an import into the SBA, the CAISO-established RA requirements do not apply to these schedules.

Qualifying Capacity Criteria

The criteria for calculating Qualifying Capacity may be established by the CPUC or other applicable LRA and provided to the CAISO. For purposes of this RA Plan, Qualifying Capacity is defined as resources used to meet load requirements. In this RA Plan, SNR has established the criteria for calculating the Qualifying Capacity. Net Qualifying Capacity is Qualifying Capacity reduced by the CAISO based on (1) testing and verification; (2) application of performance criteria; and (3) deliverability restrictions.

A few facts about the availability of CVP generation are relevant to the determination of Qualifying Capacity. The CVP consists of a dozen integrated, large, multi-purpose, Federal water and power projects with many dams and reservoirs in northern California.[34] Although the CVP is a hydroelectric resource, the generation that can reasonably be expected is significantly less variable than typical hydroelectric projects. The CVP is not a run-of-the-river-system. The considerable storage in CVP reservoirs enables Reclamation to meet water demands through dry and critical years at reduced, but reasonably predictable, levels. The generation from the CVP is, therefore, considerably less variable on an annual and seasonal basis than most other hydroelectric projects. Another factor which reduces variability is the fact that the CVP is an integrated multi-reservoir project. Reclamation can, thus, frequently meet its water demands from several different reservoirs. As an example, if there is a pumping requirement in the Delta for agricultural demands in the San Joaquin Valley, these water export demands may be met from releases at Shasta, Folsom, San Luis, or New Melones. Finally, all major CVP dams have reregulation reservoirs, which provide considerable flexibility to shape generation from the major power plants during the day without affecting downstream releases. A reregulation reservoir is a secondary smaller reservoir located adjacent to and downstream from the primary reservoir, with sufficient storage to allow a peaking operation out of the primary reservoir while maintaining a constant release down the river. This increased flexibility enhances the predictability to meet power demands. The firmness and predictability of the CVP power resource is, therefore, significantly greater than most other hydroelectric projects in California and elsewhere.

Forecasts of CVP generation are posted every month on SNR's Web site. SNR, in coordination with Reclamation, prepares an estimate of a rolling 12-month forecast of generation for the CVP on a monthly basis. Two forecasts are normally provided, one at 50 percent and one at 90 percent inflow exceedance levels. The 50-percent forecast assumes average inflows into CVP reservoirs for the upcoming water year, while the 90-percent forecast assumes critically dry year inflows. The 50- and 90-percent forecasts are very similar for the summer and fall periods when water releases from the CVP are provided primarily from reservoir storage. This is also true for the first few months of the winter season before rainfall starts to influence release schedules. The biggest difference between the two forecasts occurs in the January through April period when weather is a direct factor in determining water release schedules. The difference in energy generation from the CVP available for delivery to preference customers is about 20 percent between an average year and a dry year based on long-term studies of CVP operations. In contrast, the difference in energy generation between the 50 and 90 percent rolling 12-month forecasts that are published for preference customers every month is usually about 10 percent. This relatively small difference is explained by the fact that the rolling 12-month forecasts take current reservoir storage levels into account as the starting point, whereas long-term studies calculate reservoir storage levels based on sequential historical years. As a result, for purposes of Qualifying Capacity for the CVP, SNR has

[32] 69 Stat. 719 (1955); 76 Stat. 1173, 1191–2 (1962).

[33] *See.* e.g., 50 Stat. 844, 850 (1937); 43 U.S.C. § 485h; 64 FR 34417 (1999).

[34] *See*, e.g., 50 Stat. 844, 850 (1937); 63 Stat. 852 (1949); 64 Stat. 1036 (1950); 69 Stat. 719 (1955); 76 Stat. 1191–2 (1962).

determined that it will utilize the 50 percent rolling 12-month forecast as the basis for forecasting Qualifying Capacity and Net Qualifying Capacity from the CVP for its monthly and annual forecasts.

SNR has several generation projects in the SMUD's Balancing Authority Area, which comprise the bulk of the CVP generation facilities. With the exceptions of the New Melones Power Plant and the San Luis and O'Neill Pump/Generation Plants (O'Neill), which are addressed separately below, all CVP generation plants reside in the SMUD Balancing Authority Area. SNR operates its SBA, which includes the Modesto Irrigation District's facilities and the COTP, within SMUD's Balancing Authority Area. In addition to being adjacent to the CAISO Balancing Authority Area, SNR's SBA is adjacent to the Turlock Irrigation District's Balancing Authority Area. SNR also has a direct tie to the Bonneville Power Administration's Balancing Authority Area through its firm transmission rights on the COTP and additional access to the Pacific Northwest through its firm transmission rights on the PACI.

Under Reclamation Law and the Marketing Plan, SNR's resources must first be utilized to serve Project Use, First Preference, and Federal preference loads. To the extent there is surplus energy, SNR markets such surplus at its discretion.

CVP Hydroelectric Facilities in the SMUD Balancing Authority Area—Designation of Qualifying Capacity

SNR designates its hydroelectric facilities in the SMUD Balancing Authority Area as a system resource with 100 percent of its forecasted capacity as Qualifying Capacity. SNR will determine its forecasted capacity by utilizing SNR's 50 percent rolling 12-month forecast for the appropriate month. The rolling 12-month forecast is discussed in detail above. This import into the CAISO Balancing Authority Area is backed with reserves as required under WECC standards from SNR's CVP resources in SMUD's Balancing Authority Area.

In designating the CVP facilities as a system resource, SNR notes that these facilities appear to be consistent with the definition of a system resource set forth in the MRTU Tariff filed on February 9, 2006, in FERC Docket ER06–615:

> A group of resources, single resource, or a portion of a resource located outside of the CAISO Control Area, or an allocated portion of a Control Area's portfolio of generating resources that are directly responsive to that Control Area's Automatic Generation Control (AGC) capable of providing Energy and/or Ancillary Services to the ISO.

1. New Melones Power Plant—Designation of Qualifying Capacity

The New Melones Power Plant physically resides in the CAISO Balancing Authority Area. SNR and the CAISO have agreed to pseudo-tie the generation from New Melones into the SMUD Balancing Authority Area. For all intents and purposes, this allows New Melones to be electronically and operationally included as part of the SMUD Balancing Authority Area. For purposes of Qualifying Capacity, SNR is designating the New Melones Power Plant as part of the CVP resource in the SMUD Balancing Authority Area. The ETC for delivery of New Melones generation into SNR's SBA is noted below.

2. San Luis and O'Neill Pump/Generating Plants—Designation of Qualifying Capacity

San Luis is operated by CDWR, and O'Neill is owned and operated by Reclamation. Both plants are operated to meet both Federal Project Use loads and to comply with Federal/state guidelines for the coordination of the Federal and state water projects. By contract and operation of law, project operations for the CVP and State Water Project are coordinated in order to assure that water quality standards in the San Francisco Bay/Sacramento-San Joaquin Delta and Estuary, as well as other applicable environmental operating criteria, are achieved.[35]

For San Luis, SNR is deferring designation of Qualifying Capacity pending CDWR's submittal on how its capacity in this facility will be determined. Once that submittal is made, SNR, in consultation with Reclamation, will determine if the methodology is consistent with Reclamation's contractual framework with CDWR and also if the designation is consistent with Federal laws and SNR's policies. If CDWR's RA determinations are acceptable to SNR, the capacity associated with the Federal share of this facility will be treated in the same manner as the state's share. If CDWR's LRA determinations are not consistent with Federal law or the contractual framework, SNR will submit alternate criteria in an addendum to this document to address Qualifying Capacity at San Luis. Prior to SNR's determination as to whether CDWR's RA designation criteria is consistent with Federal law, SNR designates the forecasted capacity of the Federal share of San Luis as Qualifying Capacity. For O'Neill, SNR designates 100 percent of the forecasted capacity as Qualifying Capacity.

Under Reclamation Law, the capacity, as well as the energy generated from these plants, must be made available to meet Project Use loads and Federal preference loads.[36] The ETC for delivery of generation from these plants is noted below.

3. Existing SNR Contracts—Designation of Qualifying Capacity

As noted above, SNR has several classes of customers on the CAISO-controlled grid. These customers include FLS Customers comprised primarily of municipal utility districts and Federal end-use preference customers and Project Use loads. Many of these customers and loads receive their power at transmission and distribution levels via the PG&E transmission and distribution facilities. Transmission level delivery to these loads is over the CAISO-controlled grid.

To meet its statutory and contractual obligations to serve the above customers and loads, SNR has entered into a number of long-term contracts, both import contracts into the CAISO Balancing Authority Area and LD Contracts within the CAISO Balancing Authority Area. These are firm energy contracts as generally reflected in Service Schedule C of the WSPP Agreement. The terms of current SNR contracts range from 1 month to 5 years. The contract with the longest term was entered into in late 2004 on behalf of the DOE Laboratories and extends through 2009. In total, for the period from January 2006 through 2009, to meet FLS Customer obligations, SNR has entered into 40 contracts with varying terms. In addition, SNR has entered into four contracts to meet Project Use obligations. To the extent that these contracts are used to serve loads in the CAISO Balancing Authority Area, the designation in this section shall be applicable. The energy schedules from these contracts that meet SBA loads are not addressed here.

Imports—The contracts that SNR has entered into that are imported into the CAISO Balancing Authority Area are considered firm under current industry standards and are backed by reserves in the balancing authority area where the generation originates. SNR will require that such contracts must have the appropriate operating reserves as required by NERC and WECC. SNR has

[35] See the Coordinated Operations Agreement Amendments Act, Act of October 27, 1986, Public Law 99–546, 100 Stat. 3050.

[36] See e.g., 50 Stat. 844, 850 (1937); 43 U.S.C. 485h; 64 FR 34417 (1999).

existing firm transmission rights on the COTP and PACI for the contracts originating in the Pacific Northwest. Consistent with the Commission's Order in Docket ER06–615, for purposes of this RA Plan, SNR designates the contracted capacity from these existing contracts as Qualifying Capacity. Unless otherwise specified in a subsequent RA Plan filing by SNR, SNR also designates as Qualifying Capacity the contracted capacity from any future firm power contracts that are imported into the CAISO Balancing Authority Area.

LD Contracts—SNR has entered into several LD Contracts with varying terms in the CAISO Balancing Authority Area and will continue to use these existing LD Contracts to meet SNR's Qualifying Capacity obligations in the CAISO Balancing Authority Area. However, to address the CAISO's concern regarding the use of LD Contracts in the future, SNR has determined at this time that it will begin to phase out its procurement of LD Contracts in the CAISO Balancing Authority Area. SNR does reserve the right to revisit this decision and may opt to use LD Contracts procured in the CAISO Balancing Authority Area in the future to meet its RA requirements if the CAISO's scheduling and accounting protocols are modified so that the CAISO's concerns about deliverability and double-counting can be properly addressed. If, in the future, SNR is able to use LD Contracts procured in the CAISO Balancing Authority Area to meet its RA requirements, SNR will modify this RA Plan accordingly and such modification will not be considered significant. Consistent with the Commission's Order in Docket ER06–615, for purposes of this RA Plan, SNR designates the contracted capacity from these existing LD Contracts as Qualifying Capacity.

Deliverability Considerations

Net Qualifying Capacity is Qualifying Capacity determined under the criteria provided by an LRA and subject to testing and verification by the CAISO and deliverability restrictions.

For imports into the CAISO Balancing Authority Area, which include both CVP generation and contract imports, SNR notes that it has sufficient ETC and/or transmission ownership rights reserved on its and others systems to deliver imports to the CAISO Balancing Authority Area. Specifically, SNR has the following rights:

1. SNR has a priority scheduling right on the PACI of 400 MW, which is not curtailable under the terms of Contract No. 04–SNR–00788–A unless the California-Oregon Intertie is derated below 3,000 of its 4,800 MW of capacity.

2. SNR is the operator and is also a participant in the COTP and has 177 MW of firm transmission rights into its SBA from the northwest (north to south) and 136 MW from its SBA to the northwest (south to north) over this 500-kilovolt line. The COTP is interconnected to the CAISO grid near the Tesla Substation.

3. SNR's ETC with PG&E for delivery of New Melones generation to its SBA is Contract No. 8–07–200–P0004. It provides firm transmission capacity for the delivery of New Melones power until 2032.

4. SNR's ETC for delivery of San Luis and O'Neill generation to its loads or SBA is Contract No. 14–06–200–2207A. It provides firm transmission and delivery service from PG&E for the San Luis Unit generation and loads until 2016.

5. SNR owns the Path 15 Transmission Line upgrade and has 150 MW of transmission system rights on Path 15 pursuant to Contract No. 03–SNR–00605. SNR has turned over the operational control of Path 15 to the CAISO.

The determination of Net Qualifying Capacity for deliverability within the CAISO Balancing Authority Area and for deliverability of imports will be subject to the terms and conditions in Section 40 of the CAISO Tariff and the proposed MRTU Tariff.

Demand Forecasts and Protocols

1. Loads in the SBA

The loads in SNR's SBA are not within the scope of this RA Plan. This RA Plan deals with SNR's loads in the CAISO Balancing Authority Area.

2. Loads in the CAISO Balancing Authority Area

1. For its loads under the SC IDs WPUL, WSLW, WFLS, WDOE, and WTRN in the CAISO Balancing Authority Area, SNR will determine its demand forecasts based on the criteria set forth in Section 40 of the CAISO Tariff and the proposed MRTU Tariff.

2. NASA-Ames will determine the average demand for a month consistent with current arrangements with the CAISO for forecasting this very unique load. As the SC for NASA-Ames, SNR will submit this data in accordance with the CAISO Tariff and the proposed MRTU Tariff.

3. Eastside Power Authority will determine its demand forecast based upon the criteria set forth in Section 40 of the CAISO Tariff and the proposed MRTU Tariff. As the SC for Eastside Power Authority, SNR will submit this data in accordance with the CAISO Tariff and the proposed MRTU Tariff.

Planning Reserve Margins

SNR will prepare its annual RA Plan and its monthly RA Plans and will include as part of those plans the PRM adopted by SNR. SNR's PRM shall be that amount of capacity in MW that exceeds the Demand Forecast for SNR's loads as determined under Section 40 of the CAISO Tariff and the proposed MRTU Tariff.

SNR has determined that, for the purposes of this RA Plan, it will provide a PRM to the CAISO consistent with Section 40 of the CAISO Tariff, as amended and modified, including any modifications set forth in the MRTU Tariff as follows:

For June through September, SNR will make a year-ahead showing that it will carry a PRM of 10 percent for all imports into the CAISO Balancing Authority Area and a PRM of 15 percent for all LD Contracts procured in the CAISO Balancing Authority Area.

For January through May and October through December, SNR will make a year-ahead showing that it will carry a PRM of 5 percent for all imports into the CAISO Balancing Authority Area and a PRM of 15 percent for all LD Contracts procured in the CAISO Balancing Authority Area.

For its month-ahead showing, SNR will demonstrate that it is prepared to meet 100 percent of its forecasted monthly peak load consistent with the terms of Section 40 of the MRTU Tariff.

Types of Resources for RA Requirements

1. Resources Used To Meet Load Obligations

The resources that SNR currently uses are generation from CVP and Washoe hydroelectric facilities, long-term contracts, day-ahead transactions and real-time transactions to meet its load obligations.

Under the Marketing Plan, SNR markets generation from the CVP and Washoe Projects to First Preference customers and any remaining power is then marketed as BR to preference customers on an as-available basis. The term ''as-available'' reflects the fact that CVP and Washoe energy generation is dependent on weather and water release criteria as determined by Reclamation and, during flood control events, the Corps of Engineers.

SNR will not use the CVP and Washoe Projects to meet its PRM obligations for its RA requirements.

2. Resources Used To Meet PRM Obligations

SNR will use capacity procured from qualifying resources either inside or outside the CAISO Balancing Authority Area to meet its PRM obligations to the extent there are resources available to purchase. In order to qualify, a resource must meet the requirements set forth in Section 40 of the CAISO Tariff and proposed in the MRTU Tariff. For imports, SNR will follow the requirements of Section 40 of the CAISO Tariff and proposed in the MRTU Tariff.

Local Resource Requirements

Section 43 of the CAISO Tariff and Section 40 of the MRTU Tariff require that a certain amount of Local Capacity Area Resources be available to the CAISO within each Local Capacity Area identified in a technical study performed by the CAISO. The CAISO will allocate responsibility for Local Capacity Area Resources to SCs for LSEs using the methodology set forth in Section 43 of the CAISO Tariff while the CAISO Tariff is in effect and in Section 40 of the MRTU Tariff when it becomes effective. When notified by the CAISO of its share of the Local Capacity Area Resource obligation, SNR plans to comply with its requirement to procure such Local Capacity Area Resources to the extent there are resources available to purchase.

Future Modifications to This RA Plan

SNR reserves the right to make changes to this RA Plan, as needed, as a result of: (1) Changes to the CAISO Tariff including any changes to incorporate MRTU; (2) changes to SNR's RA Program; (3) changes required to comply with the applicable electricity reliability organization standards; or (4) as otherwise determined by Western at its discretion. In the event SNR modifies this RA plan, SNR shall submit the modified RA Plan to the CAISO.

Appendix A

SNR Customers Included Under This RA Plan

SCID—WFLS

City of Avenal.
Calaveras Public Power Agency.
City and County of San Francisco, Hetch Hetchy Water and Power.
State of California, Department of Corrections and Rehabilitation, California Medical Facility.
State of California, Department of Corrections and Rehabilitation, Deuel Vocational Institution.
State of California, Department of Corrections and Rehabilitation, Sierra Conservation Center.
East Bay Municipal Utility District.
East Contra Costa Irrigation District.
Lassen Municipal Utility District.
National Aeronautics and Space Administration, Eastside Airfield.
Northern California Youth Correctional Center.
Pittsburg Power Company.
Reclamation District 2035.
Shelter Cove Resort, Improvement District No. 1.
Tuolumne Public Power Agency.
University of California, Davis.
U.S. Defense Logistics Agency, Sharpe and Tracy Facilities.
U.S. Department of the Air Force, Beale Air Force Base.
U.S. Department of the Air Force, Onizuka Air Force Base.
U.S. Department of the Air Force, Travis Air Force Base.
U.S. Department of the Navy, Naval Air Station, Lemoore.
U.S. Department of the Navy, Naval Radio Station, Dixon.

SCID—WDOE

U.S. Department of Energy, Stanford Linear Accelerator Center.
U.S. Department of Energy, Lawrence Berkeley National Laboratory.
U.S. Department of Energy, Site 300.

SCIDs—WPUL and WSLW

U.S. Department of the Interior, Bureau of Reclamation, Mid Pacific Region.

SCID—WEPA

Eastside Power Authority.

SCID—WNAS

National Aeronautics and Space Administration, Ames Research Center.

SCID—WTRN

Trinity Public Utilities District.

Normally, the final plan would be effective 30 days after Administrator approval. For the reasons identified below, in this instance, the effective date of the Final RA Plan will be August 1, 2007. Western's Final RA Plan must be in place by this date to align Western's procurement process with the CAISO's required annual showing for calendar year 2008 by September 30, 2007. This allows Western to be competitive in the RA market. An effective date after August 1, 2007, would impact Western's ability to procure competitively priced RA.

On the effective date, the Final RA Plan will replace the Current RA Plan. As discussed in the body of this notice, the Final RA Plan may differ from the CPUC's or other LRA's RA Plans. Western's Final RA Plan is being developed by Western as an LRA and is intended to only apply to Western, acting as an LSE in the CAISO Balancing Authority Area. It is not meant to apply to other LSEs in the CAISO Balancing Authority Area. Those LSEs are subject to the authority of the CPUC or other LRAs and, as such, are outside of Western's jurisdiction.

Availability of Information

All studies, comments, letters, memorandums, or other documents made or kept by Western for developing the final plan, will be made available for inspection and copying at Western's Sierra Nevada Region Office, located at 114 Parkshore Drive, Folsom, CA 95630–4710.

Environmental Compliance

In compliance with the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321, *et seq.*); the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500 through 1508); and the Integrated DOE NEPA Implementing Procedures (10 CFR part 1021), Western has determined that this action is categorically excluded from the preparation of an environmental assessment or an environmental impact statement.

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: July 13, 2007.

Timothy J. Meeks,

Administrator.

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BILLING CODE 6450–01–P

ENVIRONMENTAL PROTECTION AGENCY

[ER–FRL–6689–4]

Environmental Impact Statements and Regulations; Availability of EPA Comments

Availability of EPA comments prepared pursuant to the Environmental Review Process (ERP), under section 309 of the Clean Air Act and Section 102(2)(c) of the National Environmental Policy Act as amended. Requests for copies of EPA comments can be directed to the Office of Federal Activities at 202–564–7167.

An explanation of the ratings assigned to draft environmental impact statements (EISs) was published in FR dated April 6, 2007 (72 FR 17156).

Draft EISs

EIS No. 20070038, ERP No. D–BLM–J65475–WY, Pinedale Resource Management Plan (RMP), Implementation of Public Lands Administered, Sublette and Lincoln Counties, WY.

Summary: EPA expressed environmental concerns about the potential for adverse impacts to air and water quality with full field development, and suggested that the final EIS include additional information and discussion on cumulative impacts analysis, mitigation measures, and adaptive management. Rating EC2.

EIS No. 20070168, ERP No. D–FTA–K59006–CA, Alameda-Contra Transit (AC Transit) East Bay Bus Rapid Transit Project, Improve Transit Serve in cities of Berkeley, Oakland and San