



DEPARTMENT OF ENERGY

Western Area Power Administration

Desert Southwest Region Ancillary Services - Rate Order No. WAPA-208

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of proposed formula rates for Energy Imbalance Market services.

SUMMARY: The Desert Southwest Region (DSW) of the Western Area Power Administration (WAPA) proposes three new formula rates for Energy Imbalance Market (EIM) Administrative Service, Energy Imbalance (EI) Service, and Generator Imbalance (GI) Service for the Western Area Lower Colorado (WALC) Balancing Authority (BA). The new formula rates are necessary for participation in the California Independent System Operator's (CAISO) EIM. If adopted, the proposed formula rates under Rate Schedules DSW-EIM1T, DSW-EIM4T, and DSW-EIM9T will become effective April 5, 2023, and remain in effect through September 30, 2026. Publication of this *Federal Register* notice begins the formal process for the proposed formula rates.

DATES: A consultation and comment period will begin [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER] and end [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. DSW will accept written comments any time during the consultation and comment period.

ADDRESSES: Written comments and requests to be informed of Federal Energy Regulatory Commission (FERC) actions concerning the proposed formula rates submitted by WAPA to FERC for approval should be sent to: Jack D. Murray, Regional Manager, Desert Southwest Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, or email: dswpwrmrk@wapa.gov. DSW will post information about the proposed formula rates, other changes, and written comments

received to its website at: www.wapa.gov/regions/DSW/Pages/DSW-EIM.aspx.

FOR FURTHER INFORMATION CONTACT: Tina Ramsey, Rates Manager,
Desert Southwest Region, Western Area Power Administration, (602) 605-2565 or email:
dswpwrmrk@wapa.gov.

SUPPLEMENTARY INFORMATION: On October 25, 2022, FERC approved and confirmed the following formula rates for ancillary services, transmission losses, and unreserved use penalties applicable to the WALC BA on a final basis through September 30, 2026: Rate Schedules DSW-SD4 (Scheduling, System Control, and Dispatch), DSW-RS4 (Reactive Supply and Voltage Control), DSW-FR4 (Regulation and Frequency Response), DSW-EI4 (Energy Imbalance), DSW-SPR4 (Spinning Reserves), DSW-SUR4 (Supplemental Reserves), DSW-GI2 (Generator Imbalance), DSW-TL1 (Transmission Losses), and DSW-UU1 (Unreserved Use Penalties).¹

To accommodate DSW's participation in the CAISO EIM, DSW is proposing new rate schedules for: (1) EIM Administrative Service (DSW-EIM1T), (2) EIM EI Service (DSW-EIM4T), and (3) EIM GI Service (DSW-EIM9T). The proposed new rate schedule for EIM Administrative Service would allow DSW to pass through the administrative costs and transaction fees resulting from WALC BA's participation in the CAISO EIM. The proposed new rate schedules for EIM EI Service and EIM GI Service would allow DSW to pass through financial settlements incurred by the WALC BA. The CAISO EIM settles for EI Service and GI Service differently from DSW's existing rate schedules for similar services. In the EIM, the CAISO economically dispatches energy under its Tariff to meet the imbalances for loads and

¹ Order Confirming and Approving Rate Schedules on a Final Basis, Docket No. EF21-6-000 (Oct. 25, 2022).

resources in multiple balancing authority areas. The EIM provides a centralized, automated, and region-wide dispatch for imbalances.

DSW's proposed formula rates for EIM Administrative Service, EI Service and GI Service would go into effect on April 5, 2023, and remain in effect through September 30, 2026, or until DSW changes the formula rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.

EIM Administrative Service

The CAISO assesses administrative service charges and transaction fees to recover the costs associated with operating the EIM and providing services to participants.

The proposed new rate schedule, DSW-EIM1T, would facilitate the pass through of CAISO EIM administrative service charges and transaction fees to DSW transmission customers and ensure the WALC BA remains revenue neutral. If placed into effect, this rate schedule will align with WAPA's Tariff and apply when the WALC BA participates in the CAISO EIM and when the EIM has not been suspended. The services provided under DSW-SD4 continue to apply and the costs are included in the applicable transmission service rates. For clarity, when DSW is participating in CAISO EIM, both DSW-SD4 and DSW-EIM1T shall apply.

Transmission customers will be billed for their share of EIM Administrative Service charges allocated to the WALC BA for its participation in the CAISO EIM in accordance with DSW's EIM business practice posted on its Open Access Same-time Information System (OASIS) at www.oasis.oati.com/walc/index.html. Revisions to the CAISO's Tariff may require changes to DSW's EIM business practice, which would be processed consistent with section 4.3 of WAPA's Tariff.

EIM Energy Imbalance Service

EI service is provided when a difference occurs between the scheduled and actual delivery of energy to a load within the WALC Balancing Authority Area (BAA). DSW's existing rate schedule for EI Service, DSW-EI4, does not address EIM participation or settlements.

The proposed new rate schedule, DSW-EIM4T, would facilitate the pass through of any financial settlements for EI Service from the CAISO EIM to DSW transmission customers and ensure the WALC BA remains revenue neutral. If placed into effect, this rate schedule will align with WAPA's Tariff and apply to EI Service when the WALC BA participates in the CAISO EIM and when the EIM has not been suspended. DSW-EI4 would apply when the WALC BA is not participating in EIM or when the EIM has been suspended.

Transmission customers will be billed for their share of EIM EI Service charges incurred by the WALC BA for its participation in the CAISO EIM in accordance with the settlement methods in DSW's EIM business practice posted on its OASIS at www.oasis.oati.com/walc/index.html. Revisions to the CAISO's Tariff may require changes to DSW's EIM business practice, which would be processed consistent with section 4.3 of WAPA's Tariff.

EIM Generator Imbalance Service

GI service is provided when a difference occurs between the output of a generator located in the WALC BAA, and the delivery schedule from that generator to (1) another BAA or (2) a load within the WALC BAA. DSW's existing rate schedule for GI service, DSW-GI2, does not address EIM participation or make a distinction between participating and non-participating resources. The EIM requires all participating resources to settle directly with the CAISO. Non-participating resources need to settle with the WALC BA, the EIM entity.

The proposed new rate schedule, DSW-EIM9T, would facilitate the pass through of any financial settlements for GI service from the CAISO EIM to DSW transmission customers and ensure the WALC BA remains revenue neutral. If placed into effect, this rate schedule will align with WAPA's Tariff and apply to GI service when the WALC BA participates in the CAISO EIM and when the EIM has not been suspended. DSW-G-I2 would apply when the WALC BA is not participating in EIM or when the EIM has been suspended.

Transmission customers will be billed for their share of EIM GI Service charges incurred by the WALC BA for its participation in the CAISO EIM in accordance with the settlement methods in DSW's EIM business practice posted on its OASIS at www.oasis.oati.com/walc/index.html. Revisions to the CAISO's Tariff may require changes to DSW's EIM business practice, which would be processed consistent with section 4.3 of WAPA's Tariff.

Legal Authority

Existing DOE procedures for public participation in power and transmission rate adjustments (10 CFR part 903) were published on September 18, 1985, and February 21, 2019.² The proposed action constitutes a minor rate adjustment, as defined by 10 CFR 903.2(e). In accordance with 10 CFR 903.15(a) and 10 CFR 903.16(a), DSW has determined it is not necessary to hold public information and public comment forums for this rate action but is initiating a 30-day consultation and comment period to give the public an opportunity to comment on the proposed formula rates. DSW will review and consider all timely public comments at the conclusion of the

² 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

consultation and comment period and make amendments or adjustments to the proposal as appropriate.

WAPA is establishing the formula rates for DSW EIM Services in accordance with section 302 of the DOE Organization Act (42 U.S.C. 7152).³

By Delegation Order No. S1-DEL-RATES-2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to WAPA's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to FERC. By Delegation Order No. S1-DEL-S3-2022-2, effective June 13, 2022, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Infrastructure. By Redelegation Order No. S3-DEL-WAPA1-2022, effective June 13, 2022, the Under Secretary for Infrastructure further redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA's Administrator.

Availability of Information

All brochures, studies, comments, letters, memorandums, or other documents that DSW initiates or uses to develop the proposed formula rates are available on WAPA's website at www.wapa.gov/regions/DSW/Pages/DSW-EIM.aspx.

RATEMAKING PROCEDURE REQUIREMENTS

³ This Act transferred to, and vested in, the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation (Reclamation) under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and other acts that specifically apply to the projects involved.

Environmental Compliance

WAPA is in the process of determining whether an environmental assessment or an environmental impact statement should be prepared, or if this action can be categorically excluded from those requirements.⁴

Determination Under Executive Order 12866

WAPA 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.

Signing Authority

This document of the Department of Energy was signed on December 28, 2022, by Tracey A. LeBeau, Administrator, Western Area Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on January 4, 2023.

Treena V. Garrett,
Federal Register Liaison Officer,
U.S. Department of Energy.

⁴ In compliance with the National Environmental Policy Act (NEPA) of 1969, as amended, 42 U.S.C. 4321-4347; the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021).

