



## DEPARTMENT OF ENERGY

### Southeastern Power Administration

#### Revision to Power Marketing Policy Cumberland System of Projects

**AGENCY:** Southeastern Power Administration, DOE.

**ACTION:** Notice of revision to power marketing policy.

**SUMMARY:** Southeastern Power Administration (Southeastern or SEPA) announces revision to the power marketing policy for the Cumberland System of Projects to include a procedure for distribution of renewable energy certificates (RECs). The Cumberland System power marketing policy was published on August 5, 1993, and is reflected in contracts for the sale of system power, which are maintained in Southeastern's headquarters office. Pursuant to the Procedure for Public Participation in the Formulation of Marketing Policy, published in the *Federal Register* on July 6, 1978, Southeastern published on October 21, 2021, a notice of intent to revise the power marketing policy to include provisions regarding RECs from the Cumberland System. The proposed revision to the Cumberland System Power Marketing Policy was published in the *Federal Register* on April 25, 2023. A virtual web based public information and comment forum was held on June 29, 2023, with written comments due on or before July 14, 2023.

**DATES:** The power marketing policy revision will become effective [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

**FOR FURTHER INFORMATION CONTACT:** Mr. Douglas Spencer, Engineer,  
Southeastern Power Administration, 1166 Athens Tech Road, Elberton, GA 30635, (706) 213-3855, Email: [douglas.spencer@sepa.doe.gov](mailto:douglas.spencer@sepa.doe.gov).

#### SUPPLEMENTARY INFORMATION:

##### Background

Southeastern published a "Notice of Issuance of Final Power Marketing Policy Cumberland System of Projects" in the *Federal Register* on August 5, 1993 (58 FR 41762). The

policy establishes the marketing area for system power and addresses the utilization of area utility systems for essential purposes. The policy also addresses wholesale rates, resale rates, and conservation measures, but does not address RECs.

Under Section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), Southeastern, through delegated authority, is responsible for the transmission and disposition of electric power and energy from reservoir projects operated by the U.S. Army Corps of Engineers. Furthermore, Southeastern must transmit and dispose of power and energy in such a manner as to encourage the most widespread use at the lowest possible rates to consumers consistent with sound business principles. Rate schedules are developed with regard to the recovery of the cost of producing and transmitting such electric energy.

Southeastern's authority to formulate the policy and perform the functions are derived from section 302(a) of the Department of Energy Organization Act, 42 U.S.C. 7152. 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 the SEPA 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-S3-2023, effective April 10, 2023, 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-SEPA1-2023, effective April 10, 2023, the Under Secretary for Infrastructure further redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to SEPA's Administrator.

The Cumberland System consist of nine projects: Barkley, Center Hill, Cheatham, Cordell Hull, Dale Hollow, Laurel, Old Hickory, J. Percy Priest, and Wolf Creek. The power from the projects is currently marketed to Preference Customers located in the service areas of

Tennessee Valley Authority, Big Rivers Electric Corporation, Duke Energy Progress, East Kentucky Power Cooperative, Kentucky Utilities, Municipal Electric Agency of Mississippi, Mississippi Delta Energy Agency, the seven-member Cooperative Energy currently receiving Cumberland power, and Southern Illinois Power Cooperative.

Southeastern has been using the Generation Attribute Tracking System (GATS) provided through the PJM Interconnection, LLC, for the Kerr-Philpott System of Projects. The attributes are unbundled from the megawatt-hour of energy produced and recorded onto a certificate. These certificates may be used by electricity suppliers and other energy market participants to comply with relevant state policies and regulatory programs and to support voluntary “green” electricity markets. Southeastern will use the similar M-RETS product for distributing certificates to current Preference Customers with allocations of power from the Cumberland System.

Through this RECs tracking system Southeastern is capable of tracking environmental attributes used for voluntary claims in all state, provinces, and territories in North America. Under the following revision of the 1994 power marketing policy, Southeastern will distribute the M-RETS created certificates to current Preference Customers with allocations of power from the Cumberland System.

### **Public Notice and Comment**

Southeastern published a proposed revision in the *Federal Register*, 88 FR 24981, dated April 25, 2023. Southeastern held a web-based information and comment forum on June 29, 2023. Southeastern received no comments.

### **Revision to the Power Marketing Policy**

Southeastern revises the Power Marketing Policy for the System to include the following additional provisions for RECs associated with hydroelectric generation:

Renewable Energy Certificates: The M-RETS Tracking System creates and tracks certificates reporting generation attributes, by generating unit, for each megawatt-hour (MWh) of energy produced by registered generators. The System projects are registered generators within M-RETS. The RECs potentially satisfy Renewable Portfolio Standards, state policies, and other regulatory or voluntary clean energy standards in a number of states. Southeastern has subscribed to M-RETS and has an account in which RECs are collected and tracked for each MWh of energy produced from the System. Within M-RETS, certificates can be transferred to other M-RETS subscribers or to a third-party tracking system.

M-RETS creates a REC for every MWh of renewable energy produced by registered generators, tracks the life cycle of each REC created, and ensures against any double-counting or double-use of each REC. These RECs may be used by electricity suppliers and other energy market participants to comply with relevant state policies and regulatory programs and to support voluntary “green” electricity markets.

Southeastern will distribute M-RETS-created RECs to Preference Customers with allocations of power from the System.

REC Distribution: M-RETS (or a successor application) will be the transfer mechanism for all RECs related to the System. Southeastern shall maintain an account with M-RETS and collect RECs from the generation at the System projects. Southeastern will verify the total amount of RECs each month. Preference Customers with an allocation of power from the System are eligible to receive RECs by transfer from Southeastern’s M-RETS account to their M-RETS account or that of their agent. M-RETS (or a successor application) will be the transfer mechanism for all RECs related to the Kerr-Philpott System. Any further transfer, sale use, or trade transaction would be the sole responsibility of a Preference Customer. Transfers to each customer will be based on the customer’s monthly invoices during the same three-month period (quarter). Where applicable, RECs will be project-specific based on the customer’s contractual

arrangements. Customers receiving energy under the TVA/TVPPA contract will receive their distributions pursuant to the percentages in TVA Area Preference Customer 1978 Load document (revised March 2022).

All RECs distributed by Southeastern shall be transferred within forty-five days of the end of a quarter. Each customer must submit to Southeastern, by the tenth business day after the quarter, any notice of change to M-RETS account or agent. Any REC transfers that were not claimed or if a transfer account was not provided to Southeastern will be forfeited if they become nontransferable as described in the M-RETS terms of service, procedures, policies, or definitions of reporting and trading periods, or any subsequent rules and procedures for transfers as established.

The initial transfer process in M-RETS will be accomplished by the sixtieth day after the end of the first completed quarter subsequent to publication of the final policy revision. Any balance of RECs that exist in Southeastern's M-RETS account, other than the first quarter after policy revision publication, may also be transferred to Preference Customers according to the customer's invoiced energy at the time of the REC creation.

Rates: No rates shall be established by Southeastern for RECs transferred to Preference Customers. Any cost to Southeastern, such as the M-RETS subscription, will be incorporated into marketing costs and included in recovery through the energy and capacity rates of the System.

### **Determination Under Executive Order 12866**

Southeastern is exempted from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

### **Environmental Compliance**

SEPA has determined this action fits within the following categorical exclusions listed in appendix B to subpart D of 10 CFR part 1021: B4.1 (Contracts, policies, and marketing and allocation plans for electric power). Categorically excluded projects and activities do not require preparation of either an environmental impact statement or an environmental assessment.

### **Signing Authority**

This document of the Department of Energy was signed on October 23, 2023, by Virgil G. Hobbs III, Administrator, Southeastern Power Administration, pursuant to the 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 November 1, 2023.

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

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