



January 22, 2013

Ms. Anita Decker  
Acting Administrator  
Corporate Services  
Western Area Power Administration  
P.O. Box 281213  
Lakewood, CO 80228-8213

**Subject: Comments to the Draft Recommendations of the Joint Outreach Team**

Dear Ms. Decker,

The Transmission Agency of Northern California (TANC) appreciates the opportunity to provide comments in response to the November 20, 2012 Federal Register Notice on the Draft Recommendations of the Joint Outreach Team (JOT). During the past 20 years, TANC has developed an important relationship with the Western Area Power Administration (Western), Sierra Nevada Region (SNR) and is hopeful this relationship is retained to the benefit of both entities as Western evaluates organizational and operational alternatives in the future. Any proposed changes in the organizational structure and functional operation of Western may have a significant impact on TANC and its Members.

TANC is a joint powers agency consisting of 15 publically owned utilities whose Members are Preference Customers of Western SNR. TANC's Members include the California cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, as well as the Sacramento Municipal Utility District, the Modesto Irrigation District and the Turlock Irrigation District. The Plumas-Sierra Rural Electric Cooperative is an Associate Member.

TANC offers the following comments on the subject draft recommendations. On an overarching note, TANC reiterates its strong belief that Western continue to be committed to engaging customers in meaningful dialogue that contributes to making efficient operational decisions that impact customers. TANC highly recommends an order of priority be established as certain recommendations may not require the time, effort, and/or completion of other draft recommendations. Western should work with its customers and industry partners to establish the priority for the recommendations that may be further studied or implemented.

In addressing "Increasing Operational Efficiencies," TANC agrees with the JOT that determining a method for regulation reserve capability, revising the Large Generator Interconnection Procedures (LGIP), consolidating transmission rates and Open Access Same-Time Information System (OASIS) sites may have merit for those portions of Western that have a contiguous transmission system. It is unclear as to the benefit these actions would have for the SNR, which is not connected to the rest of the Western transmission grid. In SNR, the means to which regulation reserves have been determined has been a refining of everyday operation of the sub-Balancing Authority. SNR has taken into account customer comment regarding reserves and has progressively altered the reserves to their current effective setting. Until such time that SNR is connected to the rest of the Western grid, this method is appropriate in SNR.

Regarding "Transmission Products and Service Opportunities," TANC has concerns with the proposal to move away from contract path evaluation to a flow-based environment. TANC is the Project Manager and primary owner the California-Oregon Transmission Project (COTP). Western is also a participant in the COTP. As Western considers the implementation of a flow-based methodology for operating its transmission facilities, TANC urges Western to proceed with caution to ensure the rights of Western's industry partners, such as TANC, are not jeopardized or negatively impacted from a change from the current contract path-based methodology. In a similar vein, TANC has concerns regarding an infrastructure investment study if Western plans to look upon the COTP as a federal facility. TANC understands Western's intent to determine if a single transmission rate method makes sense for a combined transmission system. To ensure proper recognition of COTP interests, TANC would participate in a study that would affect the California grid.

Variable Energy Integration needs to be accomplished in the most effective and efficient manner possible. TANC is concerned that the integration of variable energy should be accomplished without sacrificing reliability. TANC supports Western implementing inter-hour scheduling, ACE diversity interchange, Reliability Based Control and Dynamic Scheduling as described in the draft recommendations. Western has appropriately recognized the importance of careful study of impacts on all market participants of the development of an Energy Imbalance Market (EIM), and TANC is in full support of this tact.

We look forward to continuing our close working relationship with Western and hope these comments provide the Joint Outreach Team with important perspective for consideration with the information and alternatives provided in the draft recommendations.

Sincerely,



Bryan W. Griess  
General Manager