STATE OF CALIFORNIA
ELECTRICITY OVERSIGHT BOARD

Gray Davis, Governor

October 30, 2001

Mr. Len Marino
Department of Water Resources
State Water Project Analysis Office
1416 Ninth Street
P.O. Box 942836
Sacramento, CA 94236-0001

Re: Oroville Facilities Relicensing

Dear Mr. Marino:

The California Electricity Oversight Board (EOB) takes this opportunity to express its opinion regarding the electrical value of continued operation of the Oroville Facilities.

The California Department of Water Resources (CDWR) operates the Oroville Facilities as part of the State Water Project (SWP). The CDWR operates the SWP to maximize on-peak generation and off-peak water pumping, allowing CDWR to market surplus generation. The CDWR enters into a variety of bilateral arrangements to market surplus on-peak as well as off-peak generation from the SWP power system, including the Oroville Facilities. The CDWR sells the surplus energy to the California Independent System Operator Corporation (CAISO) and to the energy-purchasing arm of the CDWR (the California Energy Resources Scheduling division). The Oroville Facilities contribute to the ancillary services that the CDWR sells into CAISO's ancillary services market and, pursuant to contract, Southern California Edison (SCE) receives a portion of the ancillary services provided by the Oroville Facilities.

Overall, the EOB underscores the important electric contribution of the Oroville Facilities including the provision of ancillary services needed to maintain overall grid reliability.

Sincerely,

Lisa V. Wolfe

Lisa V. Wolfe
Staff Counsel
California Electricity Oversight Board

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