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Western Area Power Administration

Final Principles of Integrated Resource Planning for Use in Resource Acquisition and Transmission Planning

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of final principles.

SUMMARY: The Western Area Power Administration (Western) will use principles of integrated resource planning (IRP) in its acquisition of resources (supply-side and demand-side) and in its transmission planning. Western published proposed principles for public consideration in the **Federal Register** on December 6, 1994 (59 FR 62724). After considering public comment on that proposal, Western has adopted the final principles of IRP contained in this notice as the policy under which project-specific resource acquisition and transmission planning procedures will be developed. These project-specific procedures will be developed through separate public processes.

DATES: The final principles of IRP will be effective on July 10, 1995.

BACKGROUND: On August 9, 1994, Western provided notice of its proposed Energy Planning and Management Program (Program), 59 FR 40543, concerning requirements for Western's customers to undertake integrated resource planning consistent with the statutory requirements of the Energy Policy Act of 1992 (section 114 of the Energy Policy Act, codified at 42 U.S.C. §§ 7275-7276c). In that notice, Western committed to develop and use principles of IRP in its own resource acquisition and transmission planning. The separate public process to develop principles of IRP began with publication of draft principles of IRP in the **Federal Register** on December 6, 1994. A public information and comment forum was held in Denver, Colorado, on January 12, 1995, to explain the proposed principles and receive comments on the proposal. Written comments on the proposal were received through March 7, 1995.

The final Western principles of IRP outlined in this notice will be used by

Western in its resource acquisition and transmission planning and differ from those proposed in the Program for Western's customers. Western's resource acquisitions are primarily short-term purchases of supplemental resources to firm variable hydropower generation and are not acquisitions of resources to meet long-term load growth. The principles of IRP also have been adapted to Western's transmission planning process, which does not deal with new generation resources, only new or upgraded transmission facilities.

Western currently is involved in other public processes that can have an impact on future purchase power and transmission requirements. The final principles of IRP will be applied when acquiring resources or planning transmission related to the decisions from these other public processes. These principles will serve as the policy under which specific procedures are developed as each project identifies the need to acquire resources or increase Western's transmission capability.

RESPONSE TO COMMENTS: Western received 4 oral comments at the January 12, 1995, public meeting and 11 comment letters on the proposed principles of IRP published December 6, 1994. The comments received and Western's responses follow.

1. *Comment:* The scope of the principles of IRP should be broadened to possibly include examination of project-use loads.

Response: Western is responsible for marketing the power surplus to the needs of the Bureau of Reclamation (Reclamation) projects. Reclamation has jurisdiction for operation of the projects. However, we do agree that there may be opportunities for collaborating with Reclamation to expand the IRP process to include, where feasible, energy efficiency improvements at project-use facilities. Western and Reclamation completed a study in 1992 that indicated very limited opportunity for cost-effective improvements at Central Valley Project project-use facilities. However, Western may continue to evaluate such opportunities as part of project-specific resource acquisition evaluation criteria.

2. *Comment:* Western should increase cooperation with Reclamation on planning studies to extract the maximum possible benefit out of the projects to reduce the need for additional purchases.

Response: We agree with this comment. As part of the National Performance Review, Reclamation is reviewing its power functions and operations. Western is cooperating in this effort.

3. *Comment:* The evaluation of supply-side and demand-side alternatives requires some additional clarification of the interplay between the customer demand-side management (DSM) and the Western DSM programs.

Response: The evaluation of demand-side alternatives for customers is generally focused on use of DSM to impact the customer's total load to reduce or delay resource acquisitions. Since Western is a partial requirements supplier for most of its customers, the evaluation of Western DSM alternatives will focus upon whether DSM will impact that portion of a customer's load supplied by Western (Western's contract obligation) to reduce the customer's need for the Western resource, which may, in some cases, reduce Western's resource acquisitions. Western DSM alternatives also may include improvements that reduce losses or project use energy efficiency improvements, if such alternatives reduce the amount of energy that Western needs to acquire to meet its contract commitments. A customer DSM activity that reduces only the amount a customer self-generates or purchases from an auxiliary supplier has no impact on Western's obligation and, therefore, is not a Western DSM alternative under these principles.

4. *Comment:* Western's proposal to apply principles of IRP to resource acquisition and transmission planning was strongly supported by one commenter, and Western was commended for developing an internal IRP process by two commenters at the January 12, 1995, public meeting.

Response: Western appreciates the support of these commenters.

5. *Comment:* Several commenters expressed concerns that these principles of IRP should not interfere with or duplicate existing partnership efforts between our firm power customers and Area Offices for resource acquisition and transmission planning.

Response: Western fully supports the on-going processes between Area Offices and customers relating to cost containment, transmission planning and resource acquisition. However, one of the basic foundations of IRP is full public involvement in resource decisions. To the extent that on-going partnership processes, such as the Glen Canyon Replacement Power process, include involvement by all interested stakeholders, those processes can integrate these final principles of IRP within their decision making process without additional effort.

6. *Comment:* The Salt Lake City Area replacement power process for Glen Canyon resources provides for each