

Reclamation Manual

Policy

Subject: Hydroelectric Power

Purpose: Establishes policy for hydroelectric power at Reclamation projects.

Authority: The Reclamation Act of 1902 (Act of June 17, 1902, 32 Stat. 388), the Town Sites and Power Development Act of 1906 (Act of April 16, 1906, ch. 1631, 34 Stat. 116), Reclamation Project Act of 1939 (Act of August 4, 1939, ch. 418, 53 Stat. 1187), the Flood Control Act of 1944 (Act of December 22, 1944, ch. 665, 58 Stat. 887), the Department of Energy Act of 1977 (Act of August 4, 1977, Public law 95-91 Stat. 565), and acts relating to individual dams or projects.

Contact: Power Resources Office, D-5400

1. **Introduction.** The above Acts establish the authority for Reclamation to develop, operate, maintain, replace, and enhance power resources at Reclamation projects.
2. **Responsibility.** Reclamation, as an agency of the Department of the Interior, has statutory responsibilities for comprehensive planning, development, repayment, and management of water and related land resource projects for multiple purposes, including hydroelectric power at new or existing Reclamation facilities. These purposes include national economic benefits and enhancement of the environment. It is the policy of Reclamation to seek an appropriate balance among multiple purposes in every phase of power development.

Reclamation generally is responsible for the Federal power generating resources at Reclamation facilities. The Department of Energy's Power Marketing Administrations (PMAs) are generally responsible for the transmission and marketing functions associated with Federal power.

3. **Policy.** Reclamation's power plants provide capacity and energy for project use and associated ancillary services, to enable the operation of the project and support other authorized project purposes. Reclamation power facilities are used to aid in the financial undertaking of the project and reduce water delivery costs. Marketing of surplus power and associated ancillary services by the PMAs shall recover those project costs that are properly allocated to power for repayment. The marketing of surplus power or surplus ancillary services shall be consistent with project irrigation and other authorized purposes.

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4. **Implementation.** Reclamation's power policy shall be implemented through the following:

A. Electric Power Development

(1). Federal Power. Federal electric power development will be encouraged and supported for inclusion in Federal projects when it is (a) in the national interest and (b) economically justified and feasible. Funding may be provided through appropriations from Congress and/or alternative funding sources.

(2). Non-Federal Power - Lease of Power Privilege. If power has been specifically authorized at the Reclamation project, either by statute or administrative determination, Reclamation may grant a lease of power privilege for non-Federal development on the Reclamation project. Conditions required for this development are: (a) the project facilities, including its operations, will not be adversely affected by the development, (b) the project will not be impaired by the development, and (c) the required environmental, cultural and historical requirements will be met.

(3). Non-Federal Power - Federal Energy Regulatory Commission Licenses. Reclamation is amenable to non-Federal hydroelectric power development at existing Reclamation facilities, as may be licensed by FERC, if: (a) Federal power development was not specifically authorized, either by statute or administratively; (b) development does not conflict with the purposes for which Congress authorized the project; (c) development does not affect the safety, security, and reliability of the structure and; (d) the development does not have significant adverse environmental, cultural, and historical impacts.

B. Project Use Power. Project use power is that electrical capacity and energy and its associated ancillary service components required to provide the electrical service needed to operate and maintain Reclamation facilities, and to provide electric service for project purposes and loads as authorized by Congress. Power in excess of project use power needs shall be made available to the PMAs for marketing. Power for project loads may also be provided from other resources.

C. Surplus Power. Federal electric power and its associated ancillary components generated at Reclamation facilities that are surplus to Reclamation project loads will be marketed by the appropriate PMA of the Department of Energy. The sale of surplus power from Reclamation facilities shall be consistent with other project purposes.

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- D. Environmental Compatibility.** Reclamation will comply with all Federal and state environmental laws, as appropriate, in developing, implementing our power program.
- E. Operation and Maintenance.** Power facilities will be operated and maintained to protect the Federal investment; provide reliable, cost-effective service; and adhere to applicable safety, security, and industry standards. In addition, Reclamation's Facilities Instructions, Standards, and Techniques (FIST) Manuals and Power Equipment Bulletins establish technical standards and procedures that will be used to promote adequate operation and maintenance practices.
- F. Power Industry Participation.** Reclamation will participate with other Federal and non-Federal power agencies, reliability councils, and organizations. This involvement will be to (1) improve the reliability of power equipment and systems; (2) identify and improve maintenance methods; (3) enhance safety and security of personnel, facilities and equipment; (4) identify emerging issues and trends which may affect Reclamation's power facilities, (5) increase the efficiency of power production and usage in and at Reclamation facilities and; (6) meet project purposes and environmental goals.
- G. Power Planning and Operation.** Reclamation will participate with the appropriate agencies and entities in local and regional power planning, development, and operation activities in a manner consistent with all legislation, contracts, agreements, treaties, and compacts particular to each region.
- H. Power Rates.**
- (1). **Project Use Power.** Reclamation shall determine the cost recovery amount required by electrical power used for a Reclamation project. The cost recovery shall be at a level that insures the repayment of all costs properly allocable to project power. Such cost recovery, or the basis thereof, shall be determined by Reclamation and approved by the Secretary of the Interior or the Secretary's delegate. The cost recovery shall be covered by inclusion in a project water rate and/or project use power rate, or other suitable mechanism. It is the intent that the rate or cost recovery for project use power does not exceed the rate or cost recovery from the surplus power sales from the project.

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(2). **Surplus Power.** The PMAs determine the surplus power rates to assure cost recovery including those costs which are beyond the irrigators' ability to pay. These rates include Reclamation costs as determined by Reclamation.

- I. Research and Development.** Reclamation will participate in research and development programs which are intended to result in enhancement of Reclamation's power functions, improvements in reliability, enhanced employee and facility safety, and reductions in the cost to the project beneficiaries. This participation is to insure continued technological advances in generation, transformation, and use of electrical power.
- J. Repayment Responsibility.** Reclamation shall be responsible for determining the cost of all Reclamation project investment assigned to project power facilities for repayment.
- K. Transmission of Federal Power.** In general, the PMAs are responsible for providing transmission service for Reclamation projects for the life of the project.
- L. Directives and Standards.** This policy is supported by a number of specific Directives and Standards.