CREDA
Colorado River Energy Distributors Association

ARIZONA
Arizona Municipal Power Users Association

Arizona Power Authority

Arizona Power Pooling Association

Irrigation and Electrical Districts Association

Navajo Tribal Utility Authority
(also New Mexico, Utah)

Salt River Project

COLORADO
Colorado Springs Utilities

CORE Electric Cooperative

Holy Cross Energy

Platte River Power Authority

Tri-State Generation & Transmission Association, Inc.
(also Nebraska, Wyoming, New Mexico)

Yampa Valley Electric Association, Inc.

NEBRASKA
Municipal Energy Agency of Nebraska
(also Colorado)

NEVADA
Colorado River Commission of Nevada

Silver State Energy Association

NEW MEXICO
Farmington Electric Utility System

Los Alamos County

UTAH
City of Provo

City of St. George

Heber Light & Power

South Utah Valley Electric Service District

Utah Associated Municipal Power Systems

Utah Municipal Power Agency

WYOMING
Wyoming Municipal Power Agency

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Development of Post-2026 Colorado River Reservoir Operational Strategies

Via Email: CRB-info@usbr.gov

Carly Jerla
US Bureau of Reclamation
1777 Exposition Dr. Suite 113
421 UCB
Boulder, CO 80301-2628

Dear Ms. Jerla:

CREDA is a non-profit, regional organization representing 155 consumer-owned, non-profit municipal and rural electric cooperatives, political subdivisions, irrigation and electrical districts and tribal utility authorities that purchase hydropower resources from the Colorado River Storage Project (CRSP). CREDA members serve over four million electric consumers in seven western states: Arizona, Colorado, Nebraska, Nevada, New Mexico, Utah, and Wyoming. CREDA's member utilities purchase more than 85 percent of the power produced by the CRSP.

CREDA offers the following information and recommendations in response to Reclamation's request for input on June 24, 2022 (87 FR 37884). *CREDA is not recommending specific operational changes at this time*.

BACKGROUND – WAPA AND RECLAMATION

Hydropower is a critical element of Reclamation law. Not only does hydropower provide electricity to remote and underserved communities across the western United States, revenues from hydropower sales also fund a multitude of programs to include compliance with the Endangered Species Act, irrigation assistance, and salinity control, among others.

In 1977 Congress created the Department of Energy and transferred the marketing and delivery obligations to the Western Area Power Administration ("WAPA"). That division created an interdependent bond between Reclamation and WAPA. Reclamation remained responsible for generating hydropower and WAPA became responsible for marketing and delivering federal hydropower. As important, WAPA was tasked with ensuring sufficient revenues were collected to fund the program needs of both WAPA and Reclamation.

This was codified in an agreement dated March 26, 1980, which also set out the underlying intent of the division: "The Service and Western wish to operate the power system in the most efficient manner and to avoid duplication of manpower, functions and facilities"; further, "The Service and Western wish to optimize power benefits while preserving other project benefits." As such, Reclamation must closely coordinate with WAPA on how water operations impact power production.

BACKGROUND – CRSP AND HYDROPOWER

The generation of hydropower from the CRSP is one of the fundamental and primary purposes of the project.[1] Section 7 of the CRSP Act of 1956 requires that the "hydroelectric powerplants and transmission lines…be operated…so as to produce the greatest practicable amount of power and energy that can be sold at firm power and energy rates…".[1] Revenues from the hydropower generation produced by the Bureau of Reclamation (Reclamation) are derived through long-term firm electric service contracts administered by the Western Area Power Administration (WAPA). Those revenues are deposited into the Upper Colorado River Basin Fund (Basin Fund). The Basin Fund was authorized by the CRSP Act of 1956 and is the source of funding annual obligations of the CRSP. These obligations include repayment of principal (plus interest), operation and maintenance, irrigation assistance, among others. For example, since 1983, these revenues have funded over $577 million of the environmental program costs of the CRSP. The Basin Fund is replenished by revenues from CRSP power customers through their long-term contracts, all of whom are not-for-profit entities, and many of whom are tribal, rural, and municipal entities residing in some of the most underserved areas of the United States.

When Colorado River management and operational decisions are considered and made, there are always likely impacts to the hydropower resource. These impacts are most often characterized as economic or financial in nature, but also directly impact the Basin Fund, which, as described above, provides benefits to multiple users in the Colorado River Basin. In 2021, WAPA instituted a new rate case (WAPA-199) for CRSP customers, which was necessitated by drought impacts and instability of the Basin Fund. The rate case increased power rates by an effective 46% and placed the risk and responsibility for replacing power not available from the CRSP generators on the customers.

When federal hydropower generation is reduced or eliminated, there are numerous impacts to CRSP customers, as well as to the western interconnection (the "grid"):

- Customers are responsible for repaying all capital (with interest) and operational costs associated with generation and transmission of energy at these facilities, along with environmental and non-power expenses. Decreased power generation means those costs are spread over fewer megawatt hours and results in higher rates per megawatt hour.

- Additionally, replacement power must be secured to make up for unavailable

hydropower generation, an impact compounded by the current high price and reduced availability of electricity on the open market.

- Utilities are challenged to replace that hydropower with more expensive renewables to meet state RPS mandates and clean energy objectives, increasing costs for CRSP customers.

- Glen Canyon Dam provides to the western grid ancillary services which maintain the proper flow of electricity and a reliable electricity system. This includes black start, which allows a plant to restart its own power without support from the electric grid in the event the entire grid has lost power. Reduced hydropower impacts this black start capability.

- As Colorado River reservoir levels continue to drop, customers will be paying twice: once for the ongoing operation and maintenance of a federal project without receiving the full benefit of its hydropower, and again for the costs of replacement power, which in most cases is not carbon-free.

Even without a total loss of power production at some facilities, the reduced generation is resulting in massive and unsustainable rate increases to many customers as they are forced to cover typical power and non-power costs while replacing electricity on the open market.[1]

The Federal Register announcement and solicitation recognizes the federal government's commitment to tribes. That commitment can in part be met by stabilizing cost, rate, and grid stability to maintain CRSP contract commitments to 53 tribes in the Colorado River Basin. Many tribal customers receive the benefit of the federal hydropower through benefit or bill crediting. These customers can use that benefit in a manner determined by the tribe to best suit the community. When that power is not available or reduced, that credit is diminished. This means that tribes may be impacted not only from a financial standpoint, but from a quality-of-life standpoint as well.

CREDA supports and reinforces the 2019 Drought Contingency Plan (DCP) documents that "*Recognize and address the impacts of drought and Colorado River management on Federal hydropower, its customers and related programs, and the resiliency of the power grid."*

BACKGROUND – PRIOR NEPA PROCESSES

Recognizing the singular role played by hydropower and the unique expertise maintained by CREDA member utilities and WAPA, these entities have participated as cooperating agencies and subject matter experts in multiple Colorado River processes, including but not limited to:

Flaming Gorge EIS/ROD (Utah Associated Municipal Power Systems/CREDA and WAPA)

Aspinall EIS/ROD (Platte River Power Authority/CREDA and WAPA)

LTEMP EIS/ROD (Salt River Project/Utah Associated Municipal Power Systems/CREDA and WAPA)

RECOMMENDATIONS

CRSP firm electric service customers, and CREDA as a representative of more than 85 percent of the power produced by the CRSP, enjoy a unique role in the issues associated with operation and management of the Colorado River. For the reasons explained above, CREDA requests it and its members be provided *meaningful participation* in all *NEPA efforts 'or other appropriate processes' to address low-reservoir conditions,* including development and consideration of *near-term actions to stabilize 'the decline in reservoir storage and (to) prevent system collapse'.*[1] Further, as explained above, CREDA requests that WAPA have co-lead responsibility with Reclamation in all associated processes, including being the entity that provides hydropower modeling and impacts assessment expertise, as intended and described in the 1980 Agreement and the June 7, 2019 Interagency Agreement between WAPA and Reclamation.[1]

As Reclamation assesses and makes decisions regarding CRSP operations in the context of extreme drought, proposed experiments and Post-2026 processes, the hydropower resource, and the tribal, rural, and municipal communities that it supports, will incur significant impacts, not just in the short-term, but over extended periods. We understand the role of hydropower within the context of CRSP authorities and wish to be clear we are not asking for a change in how Reclamation operates the system. What we are saying, however, is that considering the fundamental change in anticipated hydropower production due to both drought and operational decisions, there must be a serious discussion about changing the role of hydropower revenues in supporting CRSP programs and activities. It is very clear that we are rapidly approaching the point at which revenue from hydropower sales to tribal, rural and municipal communities will no longer be sufficient to continue providing the economic and financial support for CRSP programs as has historically occurred over the past 65 years. Any discussion about the future of the Colorado River Basin will be incomplete without addressing this reality and the related issue of identifying carbon-free power to replace the anticipated lost hydropower production.

We look forward to working with Reclamation on these important issues.

Sincerely,

Leslie James

Leslie James

Cc: CREDA Board