

Commissioner Connor's Interview
With E&E TV OnPoint
June 7, 2012

Water Policy: Reclamation chief Connor discusses impact of regulations on hydropower expansion

Monica Trauzzi: Hello and welcome to OnPoint. I'm Monica Trauzzi. Joining me today is Michael Connor, commissioner of the Department of Interior's Bureau of Reclamation. Commissioner, thank you for coming on the show.

Michael Connor: Thank you for having me.

Monica Trauzzi: Commissioner, the Bureau of Reclamation is the second largest producer of hydropower in the Western United States with 58 power plants. And hydropower supplies many rural communities with electricity, affordable water for irrigation. But are environmental regulations making it more difficult to keep those prices down and to keep things reliable?

Michael Connor: Well, not necessarily. I think there's still a lot of opportunities to develop new hydropower even within the realm of environmental protections that we need to pay attention to these days. And there hasn't been a significant impact on our facilities. There certainly has been some level of impact, but we're still producing lots of power and able to supply to those rural communities and supply our water projects.

Monica Trauzzi: House Natural Resources Committee Chairman Doc Hastings has said that ongoing endangered species litigation and a sue-and-settle approach embraced by this administration have transformed the Bureau of Reclamation, as well as some other agencies, into something that was never envisioned. Has the mission changed?

Michael Connor: Oh, the mission hasn't changed at all. I think we certainly have to have a sensitivity to the environment maybe and the impact of the projects that we have developed on the environment and we're doing that and we're taking care of the restoration efforts that we need and we're complying with the Endangered Species Act. It's not just the Bureau of Reclamation, it's any energy development, water development project, any economic development project that needs to do that today. So, we take care of those needs and I'd say it's part of our core mission and we do it so we can continue to deliver water and generate power with the reliability that we've always done.

Monica Trauzzi: And what's the reach for hydropower? I mean how many waterways are currently unused that you're sort of looking at as potential sources for hydropower?

Michael Connor: Well, we haven't done an assessment of new, of waterways and new opportunities to develop new dams for the sake of hydropower development. But what we have done is we've looked at, and just the reality of the situation, those projects, even if viable, would be somewhat controversial and take several years to develop. So, what we've done is trying to look at a way to have a very aggressive, sustainable hydropower program, which starts with looking at our existing facilities and some other opportunities with other facilities that haven't

traditionally had hydropower. So, for example, we did an assessment of our overall dams and large storage facilities, came out with that in March 2011, identified 191 sites where we thought there was some economic viability to developing new units at those facilities. So, all told, those 190 sites could be developed for something to the tune of 268 megawatts of new capacity. And so we've already started to see some activity from the private sector in wanting to develop some of those sites. We did a second assessment that came out about a couple of months ago of our canals, laterals, conduits, the water delivery facilities that we have, and we looked at it using a screen of about 5 foot of water drop, which would create some energy producing capability, operate I think four or five months out of the year. Those facilities, those type of, that type of assessment yielded something to the tune of over 300 sites that could be used to develop 365,000 megawatt hours of energy production annually. And, once again, we put out the report and we're seeing some interest from the private sector in wanting to partner up with us in developing some of those facilities.

Monica Trauzzi: So, your expectation is that we'll continue to see investments in these areas moving forward?

Michael Connor: Absolutely. I think there's improvements in the technology of hydropower that are allowing us to produce more power using the same amount of water as we've historically had. There's, obviously, new incentives out there. The last count that I had there was something like 31 states that had a renewable electricity standard, which includes hydropower in some form. And those incentives are creating a market out there where there's a lot of interest in the private sector. What we're trying to do, at the Bureau of Reclamation, is identify opportunities where we can partner up with folks in developing new hydropower.

Monica Trauzzi: There's a lot of talk right now about this pending water crisis in the United States. How would you qualify sort of the state of play for water here in the U.S. and are some of the issues that we're seeing happening as a result of overregulation?

Michael Connor: Well, I don't think some of the issues we're seeing with respect to water availability and water crises are the result of overregulation. I think they're the realities of the situation on ground in what we're trying to deal with, with future water supply challenges. In the water business, let's face it, as far as crises there's a crises every year someplace. Just the weather patterns. Historically, if you've got plenty of water in one part of the country, particularly in the Western United States where we operate, you're likely to have a drought in another part of the country and that creates, particularly over the last couple of years there's been some pretty significant droughts in the Southwest and we're trying to deal with those situations. But for the long term, with respect to potential crises, I think the realities of extended drought, climate change, increasing population which creates competition for water supplies, both population and environmental needs, and then we've also got declining aquifers across the West based on historic use. So you've got greater demands on the same water resource, you've got a changing climate and, overall, I think that's impacted the reliability and sustainability by which we use water all across the West. And so part of our role is not just to continue to do business as usual and operate our projects as we've historically done, but it's to help local and state governments across the West in trying to address those challenges.

Monica Trauzzi: And so are there adequate plans in place to deal with this issue moving forward?

Michael Connor: It's an ongoing process to get those plans in place. We are trying to get out in the forefront, particularly on the year-to-year crises that we have because of drought, we do do a pretty good job of working with local communities and the availability of our storage resources helps us whether those type of droughts. I think they're going to get more significant over time and so we're doing a lot more intense planning now with respect to trying to put in place the mechanisms and the diversification of supplies that we're going to need to address some of the supply/demand imbalance. We've got a program that we call the Basin Studies Program now where we are, with those willing entities, we're cost-sharing some intensive studies about, to look forward over the next 50 years at supply and demand, the imbalance, the affect that that will have on our systems that are in place right now and then to move forward and strategize about how to fill that gap between that supply and demand imbalance.

Monica Trauzzi: Let's talk politics. What's the reaction and view towards hydropower on the Hill and what do you see as some of the chief hurdles facing it politically?

Michael Connor: I think there's been some, you know, in the energy debates that are going on on Capitol Hill and the intense focus on energy issues, hydropower has not been in the forefront of that. Let's face that. But I think overall there has been some level of consensus on the need to create opportunities for new hydropower development and fortunately most of the legislation that I've seen or have even testified on are really geared towards clarifying who has jurisdiction to develop some of the available hydropower resources, certainly trying to streamline the process so that we can move forward more quickly. And, in some cases, there are folks who are looking at trying to streamline the environmental review process. Overall though, I think for most of the legislation that's up and pending on Capitol Hill, I think it's mostly, with the exception of some few issues, things that there's a broad base of support on. Certainly, while that legislation is pending, some of those same issues that people are trying to address, we're trying to do through the administrative process. We are certainly trying to work with FERC and clarify jurisdiction over the development of hydropower on our facilities. We're certainly trying to streamline the process by which we can enter into agreements with folks in the private sector to develop the hydropower resource. We're working with our traditional water users who have a stake in that development also. It's their facilities that deliver water to their fields and their municipalities that they want to be involved in the process. And so we're trying to pull all that together, but move forward more quickly than maybe we've historically done.

Monica Trauzzi: All right, Commissioner, we'll end it right there. Thank you for coming on the show.

Michael Connor: OK, thanks for having me.