



United States Department of the Interior

BUREAU OF RECLAMATION
1150 North Curtis Road
Boise, ID 83706-1234



IN REPLY REFER TO:

CPN-6426
2.2.4.23

VIA ELECTRONIC MAIL ONLY

Mr. Darwin Fales
Columbia Basin Hydropower
P.O. Box 219
Ephrata, WA 98823
dfales@cbhydropower.org

Subject: Proposal Response for the Lease of Power Privilege Pumped-Storage Hydropower Development at Lake Roosevelt Reservoir, Columbia Basin Project, Washington

Dear Mr. Fales:

On January 21, 2021, Kleinschmidt Group submitted to the Bureau of Reclamation a proposal on behalf of Columbia Basin Hydropower (CBHP) for a pumped-storage hydroelectric power development utilizing Lake Roosevelt Reservoir. The submission responded to Federal Register Notice (FRN) 85 FR 53846 – *Notice of Intent To Accept Proposals, Select Preliminary Lessee, and Contract for Hydroelectric Power Development on Lake Roosevelt Reservoir, Grand Coulee, Washington*. Per Reclamation Manual Directive and Standard *Lease of Power Privilege (LOPP) Processes, Responsibilities, Timelines, and Charges (FAC 04-08)*, Reclamation formed a selection team to review and provide recommendations regarding the proposal to the Regional Director.

Reclamation received a second proposal in response to the FRN for a pumped-storage project near Halverson Canyon, approximately 35 miles upstream from Grand Coulee Dam. Reclamation has determined that it does not yet have sufficient information to conclude that the two proposals conflict, and accordingly will treat the proposals as distinct and separate for purposes of preliminary leasing.

Based upon my review and the review and recommendation from the selection team, the submitted proposal did not provide sufficient details to be deemed qualified. Under FAC 04-08 paragraph 7.A.(1)(d), up to 30 days is to be afforded to a preference entity, such as CBHP, to render proposal plans qualified when a non-preference entity submits a qualified proposal. Recognizing that the proposals, at this point, are not competing, Reclamation will afford CBHP 30 calendar days, as of the date of this letter, to render a qualified proposal.

Reclamation requests CBHP provide greater detail regarding the following items in an effort to render a qualified proposal:

1. The FRN instructs applicants to “Provide information on the types and severity of expected impacts and proposed methods of resolving or mitigating these impacts.” The proposal offered limited acknowledgement of potential adverse impacts to Reclamation’s Columbia Basin Project (CBP). Provide a bullet point discussion on what impacts to the CBP have been reviewed by

CBHP, the potential magnitude of each impact, and proposed methods of resolving or mitigating the impacts. Discuss at a minimum, potential impacts to CBP's Grand Coulee and John Keys operations, ecological resources, and site security.

2. Provide details regarding how CBHP will provide for the long-term operations and maintenance of the proposed hydropower facility. Include within the response an expected organizational structure and staffing plan of the facility. Include discussion on how operations and maintenance will be coordinated with Reclamation.
3. From the FRN, "describe diurnal, seasonal and/or annual patterns (as relevant) of energy generation and consumption. Include descriptions and estimates of any influence on power generation capacity and/or consumption attributable to type of water year (i.e., each month of average, dry, or wet water years, as relevant)." Information provided in the proposal is not sufficient to meet this requirement. When responding to this request on energy generation and consumption cycles provide assumptions that were incorporated into the operations model for the proposed project. Include inputs and results that led to the conclusion that the project can operate in tandem with existing CBP operations. Include anticipated elevation changes to Banks Lake during these cycles.
4. Within the future, the Government may utilize the unused expansion bay located within the Grand Coulee 500 kV switchyard. Use of the switchyard should thus not be assumed. Provide an alternative conceptual plan for transmission of power which would not utilize the proposed Grand Coulee 500 kV switchyard.
5. Provide greater detail regarding construction of the project. Include a construction schedule showing expected activities, sequence, and duration. Also include a proposed plan for: location of jobsite facilities, excavation activities, concrete activities, and electrical/transmission line activities. Provide specific details regarding how integrity and safety of North Dam will be maintained during the construction process.

Reclamation will review timely responses from CBHP to determine if the additional information renders the proposal as qualified. If deemed qualified, the project will move to the preliminary lease stage, beginning with execution of a cost-recovery agreement. The additional information should be submitted to:

- Benjamin Miller, Project Manager at BJMiller@usbr.gov
- Joseph Summers, Regional Power Manager at JSummers@usbr.gov
- Florence Webster, Regional LOPP Coordinator at FWebster@usbr.gov

Please note that Reclamation's concerns are not limited to the above items. Any additional matters will be explored in the preliminary lease stage if the project moves forward. If at any point following preliminary lease issuance it appears improbable the project can meet the standard for final lease issuance under section 9 of FAC 04-08, Reclamation may cancel the preliminary lease.

If you have questions, please contact the Project Manager Benjamin Miller via email at BJMiller@usbr.gov or by phone at (208) 378-5196.

Sincerely,

**LORRI
GRAY**

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GRAY
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Lorri J. Gray
Regional Director