

# Reclamation Manual

## Policy

<b>Subject:</b>	Hydroelectric Power
<b>Purpose:</b>	This Policy establishes hydroelectric power program service requirements at Bureau of Reclamation projects. The Policy benefits Reclamation by defining core service requirements to develop, operate, maintain, replace, and enhance Reclamation power resources, consistent with project authorizations and applicable laws and regulations.
<b>Authority:</b>	The Reclamation Act of 1902 (Act of June 17, 1902, ch. 1093, 32 Stat. 388), the Town Sites and Power Development Act of 1906 (Act of April 16, 1906, ch. 1361, 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, Pub. L. 95-91, 91 Stat. 565), the Energy Policy Act of 1992 (Act of October 24, 1992, 106 Stat. 2776), Energy Policy Act of 2005 (Act of August 8, 2005, 119 Stat. 594), the Bureau of Reclamation Small Conduit Hydropower Development and Rural Jobs Act of 2013 (Act of August 9, 2013, 127 Stat. 498), and acts relating to individual dams, projects, and environmental compliance.
<b>Approving Official:</b>	Commissioner
<b>Contact:</b>	Power Resources Office (PRO) (86-51000)

1. **Introduction.** Established in 1902, the mission of Reclamation is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. Reclamation projects provide agricultural, municipal, and industrial water; create and enhance fish and wildlife habitat; control flooding; offer recreational opportunities; and generate hydroelectric power. The above Acts authorize Reclamation to develop, operate, maintain, replace, and enhance power resources at multi-purpose, water resource projects to aid in the financial undertaking of the underlying project and reduce water delivery costs.
2. **Applicability.** This release is applicable to any Reclamation office or employee engaged in and/or supporting hydroelectric power generation at Reclamation projects.
3. **Policy.**
  - A. Reclamation is responsible for the Federal power generating resources at Reclamation projects. The primary function of Reclamation hydropower generation is to serve Reclamation project load (i.e., supply project use power), allowing affected projects to fulfill authorized project purposes. Power surplus to project load requirements (i.e., surplus power) is marketed to wholesale power customers, with preference to

(201) 10/23/2019

SUPERSEDES FAC P04 (201) 07/23/2004; FAC P13 (362) 11/03/2009 and minor revisions approved 05/29/2013, 03/05/2015, 06/07/2017; FAC P14 (506) 01/07/2015  
(Minor revisions approved 10/23/2019)

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municipalities and other public corporations or agencies and cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof.<sup>1</sup> The Department of Energy Power Marketing Administrations are responsible for the transmission and marketing functions associated with Federal power.

- B. Reclamation hydroelectric power is to be generated in a safe, reliable, cost-effective, and environmentally acceptable manner, consistent with project authorizations and applicable laws and regulations. In administering Reclamation's power program, the agency will seek opportunities to maintain and enhance the value of Reclamation power resources and improve program effectiveness and reliability through internal controls, sound business practices, and technological innovation.
4. **Requirements and Responsibilities.** To achieve power program policy objectives, the Senior Advisor, Hydropower is responsible for establishing program requirements (summarized in sub-paragraphs below) and developing Reclamation Manual (RM) releases, including technical documents defining the implementation of said requirements. Regional directors are responsible for implementing program requirements within their respective region in accordance with RM releases, including technical documents.

### A. Hydroelectric Power Development.

- (1) **Federal (Reclamation) Power Development.** Congressionally authorized, Federal hydroelectric power development will be encouraged and supported for inclusion in Federal projects when it is in the national interest; and economically justified and feasible. Funding may be provided through Congressional appropriations and/or alternative funding sources, subject to Congressional authorization.
- (2) **Non-Federal Power Development.**
- (a) Reclamation will encourage non-Federal hydroelectric power development on existing Reclamation assets provided that:
- (i) Reclamation does not have interest in developing the asset as Federal power;
  - (ii) development does not conflict with authorized project purposes;
  - (iii) development does not affect the safety, security, and reliability of the underlying Federal structure; and

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<sup>1</sup>See: Act of August 4, 1939, ch. 418, 53 Stat. 1194. Surplus power marketed to preference entities may be referred to as "preference power."

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(iv) development does not have significant adverse environmental, cultural, or historical impacts.

(b) Non-Federal hydroelectric power development will be authorized through either a Reclamation Lease of Power Privilege (LOPP) or Federal Energy Regulatory Commission (FERC) License, as determined through the 1992 Memorandum of Understanding between the Department of the Interior, Reclamation and FERC.<sup>2</sup>

### B. Reclamation Facility Power Operations and Maintenance.

- (1) Reclamation power facilities will be operated and maintained in accordance with RM releases, including technical documents.
- (2) Reclamation will seek opportunities to enhance the value of Reclamation power resources and improve program effectiveness and reliability through internal controls, sound business practices, and technological innovation. Whereas these opportunities may evolve over time, at minimum, Reclamation will collaborate with Federal and non-Federal partners to identify and implement best practices, including: performance benchmarking, data acquisition and analytics, equipment condition assessments, procurement streamlining,<sup>3</sup> and maintenance management systems to optimize facility operations, maintenance, and asset management.
- (3) Reclamation power facilities will comply with mandatory North American Electric Reliability Corporation (NERC) Western Electricity Coordinating Council (WECC) Reliability Standards. Reclamation Power Reliability Compliance Bulletins (PRCBs) provide guidance to promote compliance with NERC WECC Reliability Standards.

C. **Power Repayment.** Reclamation is responsible for allocating Reclamation project costs to project functions. All Reclamation costs allocated to power will be repaid through sales from Federal power, which include project use power and surplus power. It is the intent that the project use power cost recovery/rate setting methodology be, in general, no more than the surplus power rates charged by Federal Power Marketing Administrations to wholesale power customers for that project.

D. **Power Program Reviews.** To ensure effective administration of power program requirements, Reclamation hydropower facilities will undergo program reviews and audits. Power program reviews and audits will help to identify best practices and deficiencies that will be used to improve Reclamation power program practices.

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<sup>2</sup>See: <https://www.usbr.gov/recman/fac/fac04-08-AppA.pdf>.

<sup>3</sup>Procurement streamlining may include pre-negotiated contracts or interagency agreements to reduce facility operations and maintenance costs.

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### 5. Definitions.

- A. **FERC License.** A legal authorization issued by the FERC to an entity authorizing the construction and operation of a hydroelectric project for a specified term, typically 30-50 years.
- B. **LOPP.** A LOPP is a contractual authorization issued by Reclamation to a non-Federal entity to use a Reclamation facility for electric power generation consistent with Reclamation project purposes.
- C. **Project Use Power.** The electrical capacity, energy, and associated ancillary service components required to provide the minimum electrical service using the most economical methods needed to operate and/or maintain Reclamation project facilities in conformance with project authorization.
- D. **Surplus Power.** Surplus power is that electrical energy, and its associated ancillary service component *in excess to* that required to provide the full electrical service needed to operate and maintain project facilities, and to provide electric service for Reclamation project purposes and loads in conformance with its authorization.
- E. **Technical Documents.** Technical Documents include Facilities Instructions, Standards, and Techniques (FIST) Manuals, Power Equipment Bulletins, and PRCBs that define Reclamation power operations and maintenance requirements.

- 6. **Review Period.** The originating office will review this release every 4 years.

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(201) 10/23/2019

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## RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: \_\_\_\_\_

Release No. \_\_\_\_\_

Ensure all employees needing this information are provided a copy of this release.

### Reclamation Manual Release Number and Subject

### Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

### Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: \_\_\_\_\_

Date: \_\_\_\_\_