

# Reclamation Manual

## Directives and Standards

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### **Minimum Reclamation Lease of Power Privilege (LOPP) Solicitation and Proposal Requirements.**

1. The LOPP solicitation must define the Reclamation project site and solicitation scope.
2. The LOPP solicitation must include the scoring criteria for how proposals will be evaluated.
3. If the LOPP solicitation is for a Reclamation project site that is a transferred work, that information must be revealed in the solicitation, and proposals must define how the LOPP project would operate in harmony with the Reclamation project and existing applicable contracts related to operations and maintenance of Reclamation project site(s) being considered for development. In these cases, a letter of cooperation or contractual arrangement from the operator of the transferred work will be considered favorably.

If the LOPP solicitation is for a site that is located within the external boundaries of Tribal lands or a dependent community, information about the site location must be disclosed in the solicitation. Further, the solicitation must include a provision that indicates that a letter of cooperation from the applicable Tribal government, addressing LOPP topics such as land access and other land- related issues, will be considered during the review of submitted proposals.

4. Reclamation will require interested parties to submit a proposal explaining in as much detail as practicable how the hydropower potential at the site would be developed. The solicitation will require that a proposal provide:
  - A. Information regarding whether the applicant qualifies as a preference entity. If the proposal is made by a group of entities or by a subdivision of an entity, then the proposal must explain whether and why the applicant or applicants qualify as preference entities.
  - B. Information relevant to the qualifications of the applicant to plan and implement such a project, including but not limited to: type of organization; length of time in business; experience in funding, design, and construction of similar projects; industry rating(s) that indicate financial soundness and/or technical and managerial capability; experience of key management personnel; history of any reorganizations or mergers with other companies; and any other information that demonstrates the interested entity's organizational, technical, and financial ability to perform all aspects of the work. Proposals will include a discussion of past experience in developing, operating, and maintaining similar facilities and provide references as appropriate.
  - C. Geographical locations and descriptions of principal structures and other important features of the proposed development including roads and transmission lines. Proposals must estimate and describe installed capacity and the capacity of the power facilities under dry, average, and wet hydrological conditions. Proposals must also describe the

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daily, weekly, monthly, and annual pattern of expected generation under average, wet, and dry hydrological conditions; the ability of generation to provide ancillary services such as regulation, spinning reserves, and voltampere reactive support; and information on the reliability of the generation, potential maintenance outage schedule, and duration. If capacity and energy can be delivered to another location, either by the applicant or by potential third party transmission agents, the proposal must specify where that capacity and energy can be delivered. The proposal must describe the concepts and contractual arrangements (including the involved parties) related to transmission interconnection, power sales, and the proposed approach to third party transmission if required.

- D. Existing title arrangements or a description of the ability to acquire title to or the right to occupy and use lands necessary for the proposed LOPP project, including such additional lands as may be required during construction.
- E. If applicable, existing water rights or a description of the ability to acquire water rights for the proposed LOPP project (e.g., solicitations for pumped storage development).
- F. A description of studies necessary to adequately define impacts of the proposed LOPP project on the Reclamation project, historic properties (if such are present), and the environment. The proposal must describe any significant environmental issues associated with the proposed LOPP project and the applicant's approach for gathering relevant data and resolving such issues to protect and enhance the quality of the environment. The proposal will explain any proposed use of the LOPP project for conservation and utilization of the available water resources in the public interest.
- G. Plans for assuming liability for damage to the operational and structural integrity of the Reclamation project caused by construction, operation, maintenance and/or removal of the hydropower development.
- H. The organizational structure planned for the long-term operations and maintenance of any proposed hydropower development.
- I. A management plan, including schedules of these activities as applicable, to accomplish activities such as planning; National Environmental Policy Act (NEPA) compliance; National Historic Preservation Act (NHPA) compliance; Endangered Species Act (ESA) compliance; necessary studies; LOPP project development; design, construction, safety plan, and facility testing; and the start of hydropower production.
- J. An estimate of development costs. These costs will include all investment costs such as the cost of studies to determine feasibility; NEPA compliance; NHPA compliance; ESA compliance; other statutory compliance; design; construction; financing as well as the amortized annual cost of the investment; annual hydropower development operation and maintenance expenses; annual LOPP charge payments to the United States;

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expenses associated with the Reclamation project; and anticipated return on investment. If there are additional transmission expenses associated with the development of the LOPP project, these expenses must also be included. The proposal must identify proposed methods of financing the LOPP project. The proposal must include an economic analysis that compares the present worth of all benefits and costs of the hydropower development.