

Comments on Socio Econ Workshop Report

C. Barrett 10/06/10

2. IMPRESSIONS _ Lessons from small work groups

On pg 4 the report states: *“Participants met in four small groups at the end of the first day of the workshop to brainstorm about information needs for GCAMP decision making. Each group then reported four or five of their top information needs or research questions to the meeting facilitation team.”* Table 1 on p. 5 implies that the contents are the “top four or five” information needs or research questions from each discussion group. This is not the case, as the table also includes items that were offered by individuals and not necessarily discussed or vetted or ranked by the discussion groups. On the second day of the workshop, a request was made to the facilitator that those “individual” comments should be separately noted or distinguished; otherwise there is an implication that they “rose to the top” of the group discussions. This recommendation was not adopted, nor was there a reason given for why the distinction could or should not be made.

4. RECOMMENDATIONS

Pg 12 a. . CONSIDERATIONS

Re the last sentence of this section - CREDA strongly supports the need for adequate peer review of all econ studies done for GCD Amp.

Pg 13. b. HYDROPOWER

This section really lacks discussion of the impacts and importance of the capacity side of the power equation. There is minimal discussion of the interconnected grid and WECC. This approach over simplifies and tends to minimize the impacts of GCD changes to both the WAPA customers and the western grid as a whole.

We agree that there is a big need for further study and modeling of the power resource. This effort should be headed by the AMWG party most familiar and competent in this work, that is WAPA. There should also be significant inputs from parties who actually operate power systems that have obligations to serve end users and may have a somewhat different but much more accurate and “real world “ experience on how market decisions are made. There is also a need to have reliable inputs from WECC, which has also made some studies of the impacts of changes in GCD operations.

In the first para on pg 13 there is a suggestion that “negawatts” may be a source of replacement energy and capacity. That may be true in some future time, BUT, as managers who have a responsibility and regulatory obligation to deliver real megawatts to real industrial and residential end users, WAPA customers cannot/will not allow federal managers to rely on such a source when assessing economic impacts of their decisions.

On P. 13 the report states : *“We were told at the meeting in Phoenix that the existing power contracts for GCD expire in 2024. This creates the possibility that, when new contracts are negotiated for post-2024, it would be possible (and desirable) for WAPA to seek contract modifications that take into account the power generation impacts of any modification in GCD operations. The opportunity for contract adaptation should be factored into the economic assessment of the economic costs of changes in GCD operations for the period after 2024.”*

Comment: These statements should be excluded from the report. On day 2 of the workshop, the expert panel reported that “Questions X, J and F are outside the scope of the AMP.” Further, that they did “not factor question X into their mix”.

Question X was one of the points that was offered by an individual, not a group (see comment above). It is: “Can contracting for firm power WAPA be adjusted to be more flexible for current hydrology and operations without affecting the Basin Fund?”

As suggested on pg 15 of the report, we support further study of the “carbon costs” of replacing GCD generation with other power sources. We also suggest that there should be some study of the non-use value to the US citizenry of avoiding these carbon emissions with their resulting increase in global warming / climate change and the effects on endangered species.

c. RECREATION

: Regarding recreation surveys, how are the views of people who are not interested in fishing/rafting accounted for? Regarding non-use surveys, as asked by the Hualapai representative at the workshop, how can any willingness-to-pay survey be designed so as to eliminate all of the biases of the respondent (economic, cultural, spiritual, etc.)?

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5. IMPLEMENTATION

c. Budgeting

We generally support the power economic work planned for 2011 -12 as in the recent AMWG adopted budget

RE the 2011 plan for a “Nonuse Values 101 “ course for AMWG/TWG members. We support having a training program to give the parties a better knowledge/background of economics as they may be applied to decision making in the GCDAMP. But this program must be expanded to cover all the various types of studies and must include a real life power managers decision making process and tools.

d. Policy and Legal Analyses.

At the end of the report the question is raised – how will the results of all this economic work be used in the GCDAMP decision making process? CREDA suggests that this should be one of the very first questions to be answered. DOI must not wait until it sees the answers before it decides how/if economic impacts will effect its decisions.

Norm Henderson:

The objectives of the 12/2-3 socioeconomic workshop were as follows:

- Clarify overall socio economic program information needs in a general sense
- Recommend studies to be conducted within a ten year timeframe
- Identify specific information needs to be addressed in the next 3-5 years
- Prioritize Phase I research

The results/assumptions of the 12/2-3 socioeconomic workshop and the final 2/26/2010 GCMRC report are as follows:

- Panel members represented a broad spectrum of well respected economists
- Report was a consensus report from the panel members
- Report is an official GCMRC report that adhered to USGS scientific standards
- Report/workshop summarized past socioeconomic study for AMP stakeholders and workshop participants
- Report/workshop summarized broad economic concepts for AMP stakeholders and workshop participants
- Report/workshop Implemented a stakeholder process for identifying, prioritizing and recommending socioeconomic Information needs
- Report recommends studies, timeframes, and needed GCMRC staff expertise to address the highest priority information needs over the next 5 years
- Report identifies costs for each of the studies that provides a recommended level of emphasis
- Makeup of the expert panel and the quality of the report have been reviewed and certified by the Science Advisors

My findings/comments on the report/workshop:

- As with other GCMRC panels/PEPs, the socioeconomic panel was represented by a broad spectrum of well qualified economists (academic and practical)
- GCMRC (with assistance from WAPA and NPS) specified appropriate objectives for the expert panel and workshop

The workshop and report was well organized and easily read by managers and other non-economists

The report seemed to do a good job of responding to the specified objectives

The report and workshop did a good job of summarizing previous economic research along the Colorado River for the AMP

The report and workshop provided a good basic explanation of broad economic principals that apply to the resource values found along the Colorado River in GRCA/GLCA

The report presented a credible set of socioeconomic information needs and priorities for the AMWG/TWG. These will serve as a foundation for future deliberations with the TWG/AMWG.

The report provides good recommendations for studies and GCMRC expertise needed to address the information needs.

The report should have better connected the studies and expertise to the information needs. Without such a connection, it is unclear whether the specified studies and expertise are expected to answer all the information needs or merely a subset.

I agree with the report recommendation that GCMRC have in house socioeconomic expertise to manage RFP development, power modeling, and study contracting

The TWG/AMWG should adopt the GCMRC expert panel report (including studies and timeframes) as the recommended foundation for a comprehensive five year socioeconomic plan for the GCDAMP (with specified exceptions)