• Southwestern Power Administration
• Southwestern Power Resources Association
• Infrastructure Invest and Future Planning
• Current issues affecting federal hydropower in Oklahoma
Southwestern Power Administration (SWPA)

– A Power Marketing Administration (PMA), an agency of the Department of Energy (DOE).

– Formed by Section 5 of the Flood Control Act of 1944, which established SWPA to market federal hydropower to:

  • “…encourage the most widespread use... at the lowest possible rates ...consistent with sound business principles ...preference to public bodies and cooperatives.”
Southwestern Power Administration (SWPA)

- SWPA markets cost-based, wholesale power generated at 24 Federal, multi-purpose hydropower projects (owned by the U.S. Army Corps of Engineers).
- Operates 1,380 miles of high-voltage transmission line, 25 substations, and 46 communications sites.
- Markets 2,052.5 MW of capacity and an estimated annual energy of 5,570,000 MWh.
SWPA Resources
Southwestern Power Resources Association (SPRA)

- SPRA is a not-for-profit regional trade association, representing rural electric cooperatives, municipally owned electric utilities, and state power agencies located or doing business within the states of Missouri, Oklahoma, Texas, Arkansas, Louisiana, or Kansas.

- SPRA’s Mission Statement:

  - “Southwestern Power Resources Association is dedicated to providing an effective liaison on behalf of the Association’s membership with the Southwestern Power Administration and other entities impacting the operation of the Southwest Federal Power System.”
SPRA’s Strategic Objectives include:

- Act as a liaison between Association members and Congress, the Administration, and federal and state agencies including DOE, SWPA, the Corps, US Fish and Wildlife Service, and state fish and game agencies;
- Support national trade associations in their efforts to maintain the Preference Principle and to seek the lowest possible rates for federal preference power consistent with sound business principles;
- Obtain for preference customers the maximum energy and capacity available from the Corps hydropower plants marketed by SWPA;
- Maintain the reliability of the Southwest Federal Power System; and
- Represent the interests of federal hydropower customers in dealings with other entities in regards to competing uses issues.
SPRA represents over **8,267,000** electric accounts in AR, KS, LA, MO, OK, and TX, including over:

- 1,138,000 in Arkansas
- 602,000 in Kansas
- 794,000 in Louisiana
- 2,628,000 in Missouri
- 603,000 in Oklahoma and
- 2,499,000 in Texas
SPRA members purchase hydroelectric power from SWPA, as generated from 24 locations of USACE (Corps’) plants.

- Tulsa District – 8 Plants – 595.5 MW
- Little Rock District – 7 Plants – 1068.5 MW
- Fort Worth District – 3 Plants – 89.4 MW
- Vicksburg District – 3 Plants – 168.5 MW
- Kansas City District – 2 Plants – 212 MW
- St. Louis District – 1 Plant – 58 MW
SPRA members return nearly $182,600,000 annually to the US Treasury:

- Tulsa District – $51,934,900
- Little Rock District – $94,248,900
- Fort Worth District – $7,717,800
- Vicksburg District – $13,344,700
- Kansas City District – $10,935,200
- St. Louis District – $4,419,200
Federal hydropower customers pay for all expenses related to federal hydropower including:

• All SWPA costs
• All Corps costs for hydropower including O&M
• Repayment on hydropower power infrastructure, with interest
• Congressionally determined joint use costs
Since 1999, SPRA members have funded nearly $354 million on replacements in Corps facilities and have committed to fund $1.3 billion more over the next 30 years.

This was the first public-private partnership of its kind. This infrastructure investment will ensure the longevity of federal hydropower now and in the future.
Laws that enable Customer Funding

- Flood Control Act of 1944
- DOE Organization Act of 1977
- Section 216 of WRDA 1996, as amended by Section 212 of WRDA 2000
- War Department Civil Appropriations Act of 1936 33 USC §701h
- Intergovernmental Cooperation Act of 1968
- Federal Tort Claims Act
- Contract Disputes Act of 1978
- FAR Part 33
Issues we are currently managing to ensure the value of federal hydropower:

– Competing uses

– Ensuring value in evolving energy markets

– Working with Legislators to protect federal hydropower
• Competing Uses:
  – Water is scarce, and will continue to grow more scarce in the future.
  – Many different uses for the water:
    • Flood control
    • Drinking water
    • Recreation
    • Wildlife preservation
    • Hydropower
• **Water Supply Proposed Rulemaking**
  – The Water Supply Act of 1958 states that modifications to a reservoir project which would seriously affect the authorized project purposes must be approved by Congress. The Corps’ implementing guidance historically stated that “seriously affect” was the lesser of 15% or 50,000 acre feet of storage.
  – On December 16, 2016, the Corps issued a Proposed Rulemaking on Water Supply which completely eliminates this implementing guidance. Instead, the Corps will determine whether a storage reallocation “seriously affects” a project purpose on a project-by-project basis.
  – We are actively working with other stakeholders, including water supply users, to develop a set of common principles to present to the Corps.
  – As our fuel source faces other demands, we must work hard to ensure federal hydropower remains a viable and environmentally friendly source of power for Oklahoma and its neighboring states.
• Evolving Energy Markets can place burdens on Federal hydropower
  – Regional Transmission Organizations (RTOs) are organizations which coordinate, control and monitor a multi-state electric grid.
  – SWPA has members is 3 different RTOs
    • Midcontinent Independent System Operator (MISO)
    • Southwest Power Pool (SPP)
    • Electric Reliability Council of Texas (ERCOT)
  – Each RTO has different rules and requirements for generation and transmission, which requires monitoring and advocating.
Issues with SWPA Federal Hydropower in MISO:

• MISO required that for a resource to qualify in MISO for a capacity credit, that resource must be offered into MISO day ahead market for the four peak hours of every day of the year.

• SWPA Contracts only provide of 1200 hours of firm power

• $4 \times 365 = 1460$ hours ($1200 \neq 1460$)

• SPRA worked extensively on this issue in 2017.
Issues with SWPA Federal Hydropower in SPP:

- Timing issues with SWPA and the SPP Markets has lead to devaluation of Federal Hydropower.
- Per SWPA’s power sales contracts, Peaking Energy schedules are due on or before 2:00p.m. the day prior to utilization by the customer.
- SPP Day Ahead Market closes at 9:30am and results are posted at 2:00pm.
- SPRA is continuing to work on this issue with SWPA and SPP.
Legislative Issues:

• The President’s 2017 budget proposed to sell the transmission systems of the Power Marketing Administrations (PMAs) across the country, including SWPA.

• The belief was that this would save the federal taxpayers money, however this is untrue.

• Federal hydropower customers have already paid for this transmission, and continue to use it for the delivery of federal hydropower.
Legislative Issues Continued:

• The reaction to this proposal by Congress was swift and strong—a bipartisan letter from both the House and Senate was sent to DOE stating that the PMAs are “crucially important to rural communities,” adding that they are “one of the few federal programs that not only fully pays its way, but actually provides benefits to the Federal government’s balance sheet.”

• In the budget that was released, Congress emphasized not only the importance of the PMAs, but that it is illegal to use appropriated funds to consider any divestiture, in whole or in part, of the PMAs.
Questions?

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