

The Value and Benefits of Federal Hydropower

Mid-West Electric Consumers Association represents 313 consumer-owned utilities (municipals, cooperatives, and PPDs) in 9 states serving approximately 8 million consumer-owners. Federal hydropower is a source of affordable, emissions-free, base-load power for the communities we serve.

As base-load power resources are retired and energy demand grows, the value of federal hydropower increases for our communities. Hydropower can be adjusted quickly, which makes it more responsive for meeting peak electricity demand. Federal hydropower units often have “black start” capability that makes them especially valuable in restoring power in the case of widespread outages or system disruptions – this capability allows the generating units to cycle back on quickly if they have been tripped off in a power outage.

Federal hydropower’s storage capability and dispatch flexibility are critical to ensure system reliability during extreme weather events. Increasingly federal hydropower fills in energy and capacity gaps and provides unique long-term storage capability through multi-day weather events.

The federal power program pays for itself.

Power customers, since the inception of the program have paid for 100% of the costs of the federal hydropower program through power rates. This includes full capital investment in hydropower generation and transmission along with the majority of the operation and maintenance costs of the multi-purpose dam facilities.

Recreation, irrigation and water supply directly benefits from the investments made and rates paid by hydropower customers. The country at large benefits from our investment in dam safety, navigation, and environmental recovery.

As power customers, we not only pay for the federal hydropower program, we are stewards of it. We work to improve the efficiency and the benefits it provides to our communities and the nation. As a watchdog organization, Mid-West Electric Consumers Association has MOU’s with the USACE, USBR and WAPA to review and prioritize work plans. We provide guidance and hold the organizations tasked with producing and delivering federal hydropower accountable.

Continue to engage with and support our efforts to improve and protect the federal hydropower program. This program not only pays for itself but also benefits communities across the basin and the country as a whole. We want to ensure the program remains healthy and resilient for decades to come.

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Protecting Consumer-Owned Utility Rates by Restoring WAPA's Purchase Power & Wheeling Authority

Given the normal variations of hydropower generation and drought cycles, Western Area Power Administration (WAPA) regularly purchases power to fulfill contractual obligations to power customers. WAPA requests purchase power and wheeling (PP&W) authority from Congress to fulfill these obligations.

While Congress provides the budget authority for the PP&W expenditures, the actual costs are paid for by the power customers. Because the PP&W budget authority is based on forecasts of market prices and snowpack several years in advance, it will never exactly match the actual PP&W expenditures.

Historically, when the region experienced prolonged drought and WAPA's PP&W expenditures exceeded the Congressional authority for that year, WAPA would use money intended for other programs. This caused disruption, increased power customer costs, and put the repayment of the federal investment at risk. Working with its customers, WAPA devised a strategy to carry-forward unused authorizations that, when matched with cash collections, became an unobligated reserve balance, recovered in rates.

Starting in 2018, the Congressional Budget Office (CBO) unilaterally decided that any PP&W authority above some historical average of actual PP&W expenditures should score against the federal budget,

reversing a long standing agreement that PP&W budget authority would not score. This decision significantly impacted WAPA's PP&W reserve balance and ***will make a drought more expensive for power customers.***

Congress should direct the Congressional Budget Office (CBO) that going forward any level of PP&W budget authority provided to WAPA **should not score.**

Tell Majority Budget Committee Staff that you want a permanent fix for purchase power and wheeling scoring.

Senate Budget Committee Majority Staff:
Jordan Pakula -

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House Budget Committee Majority Staff:
Eric Davis - Eric.Davis@mail.house.gov

Given the Senate Budget Committee Majority concerns with directed scoring, we're also working with Representative Fischbach on a potential legislative fix that would create a limited purchase power and wheeling reserve revolving fund to permanently address the issue. If your office is interested in supporting the legislative fix, please contact Jim Horan at Mid-West or Meghan Plotz (Meghan.Plotz@mail.house.gov) in Representative Fischbach's office.

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