Statement of Michael Brain
Deputy Commissioner
U.S. Bureau of Reclamation
Before the
Natural Resources Committee
Subcommittee on Water, Wildlife, and Fisheries
U.S. House of Representatives
on
H.R. 1607, To clarify jurisdiction with respect to certain Bureau of Reclamation pumped storage development, and for other purposes; H.R. 3027, Reclamation Climate Change and Water Program Reauthorization Act of 2023; and H.R. 3675, Western Water Accelerated Revenue Repayment Act
June 14, 2023

Chairman Bentz, Ranking Member Huffman, and members of the Subcommittee, I am Michael Brain, Deputy Commissioner for the Bureau of Reclamation within the Department of the Interior (Interior). Thank you for the opportunity to provide Interior's views on these bills.

H.R. 1607 – To clarify jurisdiction with respect to certain Bureau of Reclamation pumped storage development, and for other purposes

The Bureau of Reclamation (Reclamation) is the largest water supplier in the United States, owning and operating 188 projects across the western states with dams, reservoirs, canals, and other distribution infrastructure. Reclamation is interested in and supports the potential to develop pumped storage projects at existing facilities. Pumped storage is an efficient means to store energy when supply exceeds demand and has been shown to be one of the most useful methods for regulating intermittent renewable generation resources, such as wind and solar. Increased energy storage provided by a pumped storage project improves grid reliability, avoids transmission congestion periods, and avoids potential interruptions in energy supply.

Reclamation's Salt River Federal Reclamation Project, located near Phoenix, Arizona is one of Reclamation's first projects, authorized in 1903, and includes facilities located across portions of Maricopa, Gila, and Pinal Counties. The Salt River Federal Reclamation Project is operated by the Salt River Project. The Salt River Project or "SRP" is comprised of two entities, the Salt River Valley Water Users' Association, which operates the Reclamation Project, and the Salt River Project Agricultural Improvement and Power District, a political Subdivision of the State of Arizona, which operates the non-hydrogeneration resources and provides power to central Arizona. Seven storage reservoirs furnish water supply from the Salt and Verde Rivers to the Phoenix metropolitan area. The power system includes hydroelectric, natural gas, oil, coal, wind, and solar generation resources. SRP is reducing its carbon dioxide emissions through the retirement of older generation resources and development of renewable generation and storage projects.

In 2014, Reclamation prepared a Reclamation-wide Pumped Storage Screening Study that identified a location for pumped storage along the Salt River. Based on that initial work, SRP developed two possible locations for the construction of a pumped storage development project. The results of that work indicated the potential for a project with a generating capacity between

1,000 and 1,150 megawatts (MW) utilizing pump-turbines housed alongside a water conveyance tunnel for generation and pumping water from Apache Lake to an upper reservoir.

Using the data acquired from the previous studies, H.R. 1607 would allow for the withdrawal of Federal land from the National Forest System to the Bureau of Reclamation, through the Secretary of the Interior, for the development, generation, and transmission of electrical power and energy for the use of and benefit of the Salt River Federal Reclamation Project in Arizona.

Through the transfer of this land, H.R. 1607 would allow the proposed pumped storage project to be developed entirely within the authorities and footprint of the Federal Reclamation Project – streamlining development and maximizing Federal Reclamation Project benefits.

H.R. 1607 would not grant Reclamation new authorities to fund the construction of the project, but instead would allow the Salt River Valley Water Users' Association to continue to evaluate and construct the project at their cost.

Title to the facilities developed on such land would be held by the United States as a part of the Project, with operation and maintenance remaining a responsibility of the Salt River Valley Water Users' Association as an authorized feature of the Project. H.R. 1607 would also direct the Secretary of Agriculture to prepare a map, as soon as practicable, depicting the boundaries of the covered land and make it available at the appropriate offices of the Forest Service and the Bureau of Reclamation.

The Department supports the development of pumped storage projects, where feasible, as an efficient means to store energy and improve grid reliability. The Department supports H.R. 1607 and looks forward to working with the bill sponsor and the Subcommittee to address a few technical edits.

H.R. 3027 – Reclamation Climate Change and Water Program Reauthorization Act of 2023

The American West faces serious water challenges. Increasing populations, competition for finite water supplies, along with drought and floods, all strain existing water and hydropower resources. At the same time, extended droughts are impacting water availability and climate change is likely to compound the impacts. Changes to temperature, precipitation (rainfall and snowfall), and the timing and quantity of snowpack and runoff pose a significant challenge to the protection and use of water resources. Ensuring a safe and secure water supply remains a fundamental pursuit for life in the West.

The Science and Engineering to Comprehensively Understand and Responsibly Enhance Water Act (SECURE Water Act), included in the Omnibus Public Land Management Act of 2009, authorized several Interior programs to help address the Nation's water challenges. The Reclamation Climate Change and Water Program, along with other critical programs authorized by the SECURE Water Act, are set to expire at the end of Fiscal Year 2023. H.R. 3027 would extend the Reclamation Climate Change and Water Program authorization to 2033. The 2009 SECURE Water Act provided Reclamation with specific authority and responsibility to use appropriations to:

- Assess the risks from climate change to water supplies in each major Reclamation river basin
- Analyze how such changes will impact various water uses and services
- Coordinate and collaborate with other federal agencies, including the United States Geological Survey and the National Oceanic and Atmospheric Administration, to use the best available science to assess changes to water supplies
- Provide resources to our partners and stakeholders to collaboratively address current and future impacts to water supply and demand
- Conduct Reservoir Operations Pilots to identify potential improvements to reservoir operations to manage water through increased extreme events (e.g., floods and droughts). (For more information, please see: Reservoir Operation Pilots | WaterSMART (usbr.gov))

In carrying out the assessments, Reclamation has developed consistent, West-wide approaches to assess climate change risks and impacts to water resources as well as tools and information applicable Reclamation-wide. Reclamation has leveraged research and development activities when undertaking West-wide Climate Change Risk Assessments. These assessments provide consistent projections within the Program for Reclamation's WaterSMART (Sustain and Manage America's Resources for Tomorrow) Basin Study Program, where stakeholder-driven Basin Studies identify long-term water supply and demand imbalances and develop strategies and tools needed by water managers to address those imbalances. Non-Federal partners cost-share to evaluate the impacts of climate change and identify a broad range of potential strategies and tools to address current and future shortages.

Since authorization in 2009, Reclamation has funded 32 Basin Studies in 15 Western States. Notable examples include the 2012 Colorado River Basin Water Supply and Demand Study that identified an array of potential adaptation and mitigation strategies that are fundamental to the follow-on efforts underway today, and the 2019 Upper Deschutes Basin Study in Oregon that brought together different basin interests in working toward strategies to improve streamflow for ecosystem benefits while also recognizing the challenges facing irrigated agriculture. These studies have strengthened relationships with non-federal entities and have created a technical foundation contributing to inform and allow for additional follow-on efforts. Basin Studies have brought together partners with competing demands for water and have paved the way for a common understanding of hydrology and built a collaborative approach to identifying solutions, avoiding conflict, and providing an alternative to litigation.

With our Federal, State, Tribal, and local partners, the Basin Study Program addresses challenges resulting from climate change and shifting demographics. Reclamation uses a multi-faceted approach to support reliable water and hydropower deliveries; to help maintain healthy ecosystems; to protect federally-listed fish, wildlife, and plants, as well as designated critical habitat; and to manage risks (e.g., droughts, floods, and fires). Implementing the SECURE Water Act has served as a catalyst for collaboration and innovation, improving our understanding of climate change impacts to water resources and our ability to provide a way for water users to collaboratively address those impacts.

Given the historic drought conditions experienced over the past decade, the authorities provided by the Section 9503 of the SECURE Water Act remain an important tool for Reclamation's mission. The Department supports H.R. 3027 and the reauthorization of the Climate Change and Water Program.

H.R. 3675 – Western Water Accelerated Revenue Repayment Act

The principle of "beneficiaries pay" has been a fundamental aspect of Reclamation law since the early 1900's, requiring that investments be repaid by the beneficiaries of that investment, except where that benefit is for the common welfare or accrues to taxpayers generally. Section 4011 of the Water Infrastructure Improvements for the Nation (WIIN) Act (P.L. 114-322) directed Reclamation to convert water service contracts to repayment contracts under Section 9(d) of the Reclamation Project Act of 1939, 53 Stat. 1195, allowing for full and accelerated repayment of capital obligations owed to Reclamation for facilities repayment upon a contractor's request, allowing for repayment, either in lump sum or by accelerated prepayment, of the remaining construction costs.

Under Section 4011 of the WIIN Act, upon a contractor's compliance with and discharge of the obligation of repayment of the construction costs, certain provisions of the Reclamation Reform Act of 1982 (96 Stat. 1269), including certain limitations on farm acreage and federal reporting requirements no longer apply.

Section 4011(e) further provided that subject to several conditions, such prepayment of contracts beyond amounts necessary to cover forgone receipts from scheduled payments for 10 years after enactment shall be allocated to a Reclamation Storage Account to fund construction of water storage project, with a cap of $335,000,000.

The direction provided by Congress under Section 4011 expired at the end of 2020. H.R. 3675 would amend Section 4013, allowing for the direction provided under Section 4011 to be extended with no expiration.

Prior to expiration, Reclamation entered into agreements with 86 contractors that requested consideration under Section 4011(a) for contract prepayment. While Reclamation received inquiries from other regions and projects, the vast majority of requests were from contractors that operate in the Central Valley Project (CVP) within the California-Great Basin Region. As such, if this Section were to be extended, it is unclear how many contractors would have interest. Since enactment of the WIIN Act, storage account funding from contract prepayment is currently $344 million.

It should be noted that under Section 4011, any new irrigation repayment obligations taken on in support of new construction would be subject to the provisions of the Reclamation Reform Act.

H.R. 3675 would allow for contracts repayment to be expediated, allowing for funding to more quickly be returned to the Treasury and provide additional flexibility for Reclamation's water users and contract holders. The Department looks forward to working with the bill sponsor and Subcommittee to address technical edits.