



BUREAU OF  
RECLAMATION

# Lease of Power Privilege

Permitting Process Overview

May 2023

# Non-Federal Development

- Reclamation encourages non-federal hydropower development sited within existing Reclamation Projects – provided:
  - Development operates in harmony with the Reclamation Project
  - Development does not conflict with authorized Reclamation Project purposes
  - Development does not impair the safety, security, and reliability of the Reclamation Project
  - Development does not have significant adverse environmental, cultural, or historical impacts

See: Reclamation Manual Policy, Hydroelectric Power (FAC P04)

<https://www.usbr.gov/recman/policies.html>



# Non-Federal Development

- Permitting processes for non-federal hydropower development sited within a Reclamation Project:
  - Reclamation Lease of Power Privilege (LOPP) Contract; or
  - Federal Energy Regulatory Commission (FERC) License
- Jurisdiction is dependent upon Reclamation Project authorizations, in accordance with a 1992 Memorandum of Understanding (MOU)





# Non-Federal Development

- 1992 MOU between FERC and Reclamation
  - **Unless otherwise specified in law**, Reclamation Project works authorized for Federal hydropower development are within the exclusive jurisdiction of Reclamation, requiring a LOPP for non-federal development
  - Reclamation Project works *\*not\** authorized for Federal hydropower development are within the exclusive jurisdiction of FERC, requiring a FERC license for non-federal development

See: <https://www.usbr.gov/recman/fac/fac04-08-AppA.pdf>



# Non-Federal Development

- LOPP and FERC processes provide Reclamation oversight/controls to ensure the non-federal project operates in harmony with the underlying Reclamation Project
- Non-federal projects may be subject to dual jurisdiction/dual permitting processes (i.e., LOPP and FERC) – e.g.,:
  - Pumped storage development utilizing a Reclamation Project reservoir within Reclamation LOPP jurisdiction and a second, non-federal reservoir within FERC jurisdiction



# Non-Federal Development (Conventional)

| Facility Type                                      | Count     | Capacity (MW) |
|--|-----------|---------------|
| <b>Lease of Power Privilege (LOPP)</b>             |           |               |
| Online   | 15        | 57            |
| In Development                                     | 4         | 15            |
| <b>Total</b>                                       | <b>19</b> | <b>72</b>     |
| <b>Federal Energy Regulatory Commission (FERC)</b> |           |               |
| Online   | 54        | 473           |
| In Development                                     | 8         | 26            |
| <b>Total</b>                                       | <b>62</b> | <b>499</b>    |
| <b>LOPP and FERC (Reclamation Total)</b>           |           |               |
| Online   | 69        | 530           |
| In Development                                     | 12        | 41            |
| <b>Total</b>                                       | <b>81</b> | <b>571</b>    |



# Non-Federal Development (Pumped Storage)

| Facility Type | Facility   | State      | ~ Capacity (MW) |
|---------------|--|------------|-----------------|
| FERC          | -  | -          | -               |
| LOPP          | Banks Lake Pumped Storage Project (Lake Roosevelt)                   | Washington | 500             |
| FERC/LOPP     | Seminoe Pumped Storage Project (Seminoe, P-14787)                    | Wyoming    | 972             |
|               | Cat Creek Energy and Water Storage Project (Anderson Ranch, P-14655) | Idaho      | 400             |
|               | Halverson Canyon Pumped Storage Project (Lake Roosevelt, P-15088)    | Washington | 2,650           |
|               | Navajo Energy Storage Station (Lake Powell, P-15001)                 | Utah       | 2,210           |
|               |  |            | 6,732           |



# Lease of Power Privilege

“A LOPP is a contractual authorization issued by Reclamation to a non-Federal entity to use a Reclamation facility for electric power generation consistent with Reclamation project purposes”

- The LOPP process is defined in RM D&S, Lease of Power Privilege (LOPP) Processes, Responsibilities, Timelines, and Charges (FAC 04-08)
- See: <https://www.usbr.gov/power/LOPP/>





# Lease of Power Privilege

Process consists of three general phases:

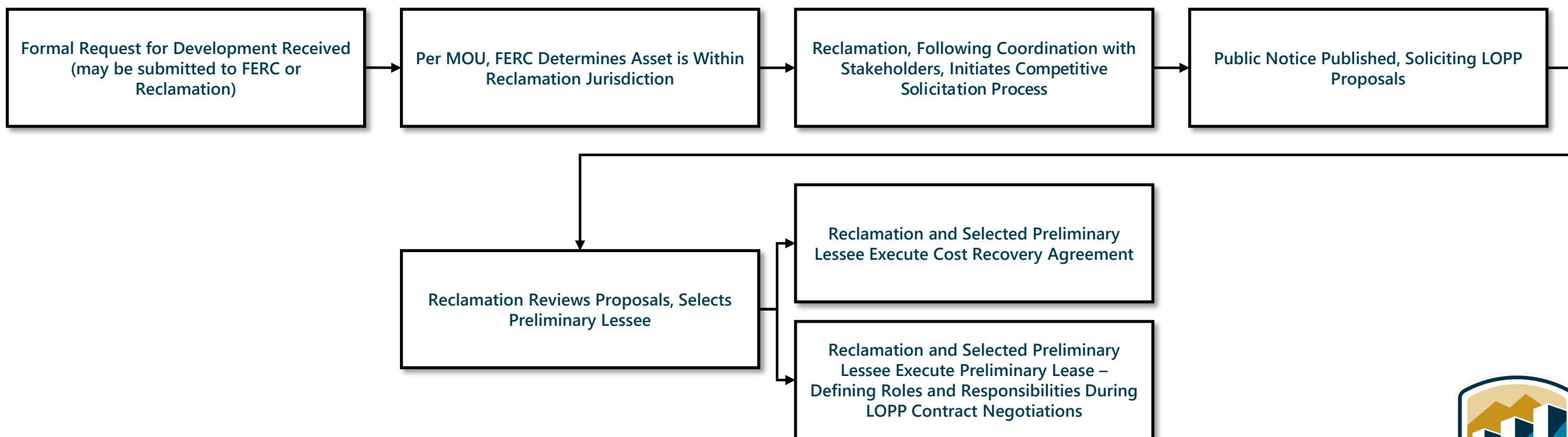
- Formal Request for Development - Award of Preliminary Lease\*
- Award of Preliminary Lease – Award of LOPP Contract
- Award of LOPP Contract – End of Construction

\* Process dependent upon facility type (e.g., dam/reservoir or conduit)



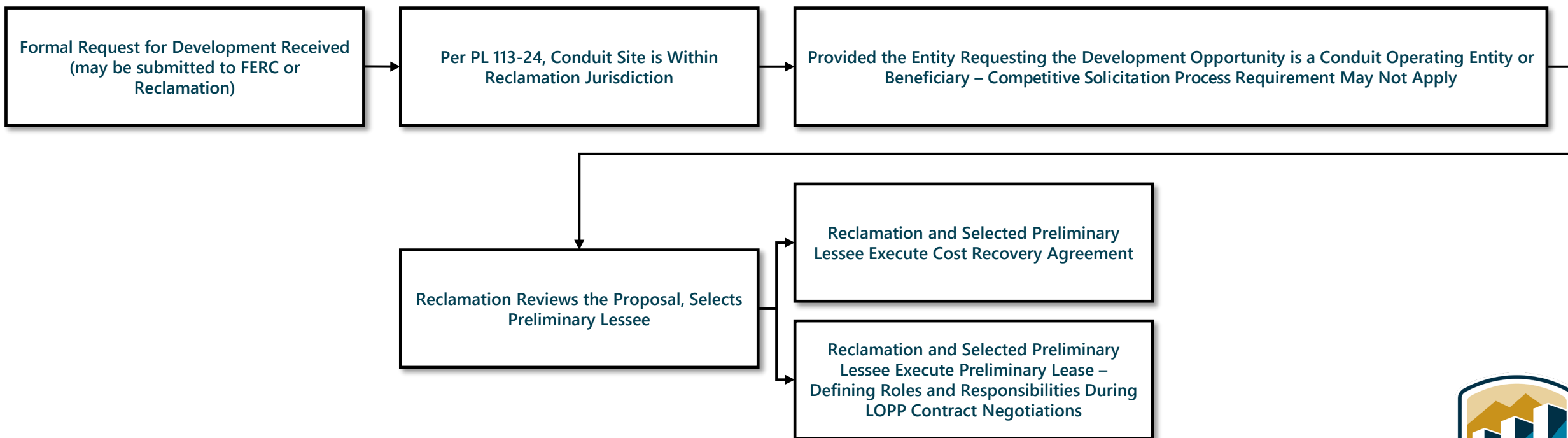
# Lease of Power Privilege

## Formal Request for Development - Award of Preliminary Lease (Dam/Reservoir) – Major Milestones



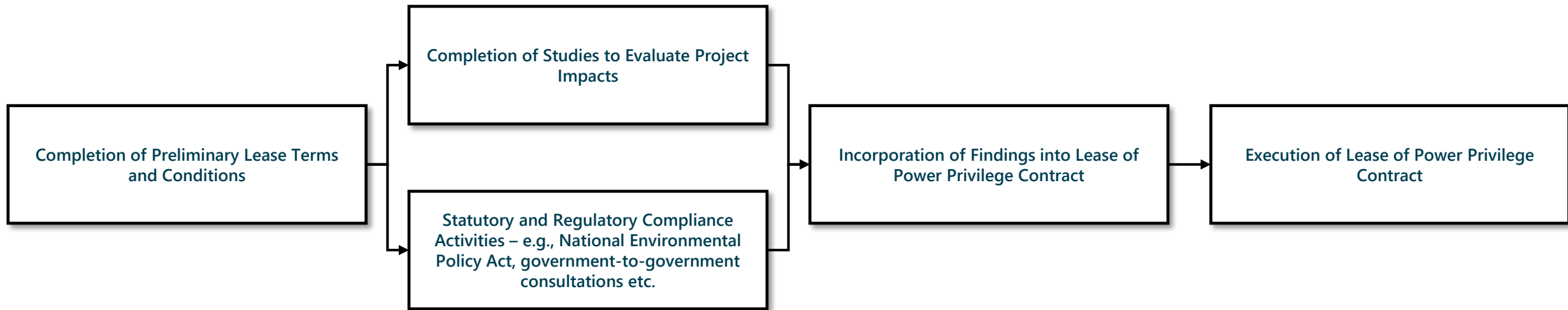
# Lease of Power Privilege

## Formal Request for Development - Award of Preliminary Lease (Conduit) – Major Milestones



# Lease of Power Privilege

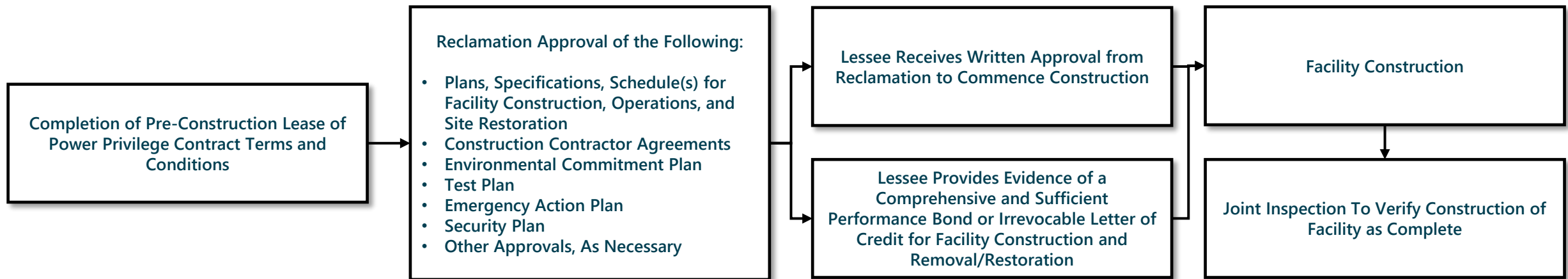
## Award of Preliminary Lease – Award of LOPP Contract – Major Milestones





# Lease of Power Privilege

## Award of LOPP Contract – End of Construction – Major Milestones



# Lease of Power Privilege

## Timeframes

- Dam/Reservoir Development - 4 years allotted from award of preliminary lease to begin construction
- Conduit Development - 3 years allotted from award of preliminary lease to begin construction
  - Process timeframe adjustments (including construction timeframes) are determined solely by the regional director
- 40-year maximum LOPP term (PL 76-260, Sec. 9(c) requirement)



# Lease of Power Privilege

## Annual LOPP Charges

- PL 76-260, Sec. 9(c) requirement
- Standard LOPP Charge: 3 mills/kWh
- Discounted LOPP Charge: 2 mills/kWh
- Discount LOPP charge available to lessees already responsible for underlying Reclamation Project repayment

Unless otherwise specified in law, LOPP charges are deposited into the Reclamation Fund as a credit to the underlying Reclamation Project – and applied against outstanding reimbursable construction costs





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<https://www.usbr.gov/power/>



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