



ARIZONA MUNICIPAL POWER  
USERS' ASSOCIATION



IRRIGATION & ELECTRICAL DISTRICTS  
ASSOCIATION OF ARIZONA

**DRAFT**

Secretary Doug Burgum  
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Secretary Chris Wright  
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Re: Recommendations for National Energy Dominance Council to Consider from Arizona

Dear Secretary Burgum & Secretary Wright:

On behalf of Public Power interests in Arizona, the Arizona Municipal Power Users' Association (AMPUA) and Irrigation and Electrical Districts Association (IEDA), submit the following recommendations to the National Energy Dominance Council, created on February 14, 2025, via Executive Order 14213.

AMPUA is an association of Arizona public and consumer owned power entities including irrigation districts, electrical districts, electric cooperatives, municipally owned electric systems, Salt River Project, and Central Arizona Project. The majority of AMPUA's members have contracts for federal hydropower.

Irrigation and Electrical Districts Association of Arizona, Inc. (IEDA) is a statewide association consisting of 25 members representing a collection of public power entities in Arizona. It is comprised of Irrigation & Electrical Districts, municipalities, and two tribal entities. IEDA has been in existence since 1962, with a focus on power and water related issues, including transmission.

We appreciate the focus on energy and the creation of the National Energy Dominance Council. For far too long, the United States has been a path of hindering its future by pushing for the retirement of generation plants, which has increased the cost of electricity and reduced its availability. We are pleased to see the awareness of how important electricity is to the future of the United States and its economic vitality. We submit the following recommendations, with a focus on the Desert Southwest, but also from a national perspective.

### Hydropower is Reliable

Hydropower is a critical generation resource for grid reliability. Fundamentally, it provides significant benefits from dependable reactive power which stabilizes the grid, controls voltage, and complements the variable, intermittent generation from solar and wind generation.

There is no reliable, sustainable, affordable energy generation resource like hydropower for guaranteeing energy dominance for generations to come as it has for generations past. We agree with the suggestion to appoint a hydropower czar to the National Energy Dominance Council.

### Hydropower is Renewable

Hydropower is the most efficient and one of the cleanest ways to create electricity but has been hamstrung by environmental groups' efforts not to recognize it as a renewable energy source. With the expansion of wind and solar, the recognition of hydropower as a necessary energy source to help blend intermittent resources has helped soften the resistance of hydropower being recognized and afforded some of the same benefits given to wind and solar.

The lack of formal recognition at the federal level is impacting the value of hydropower via Renewable Energy Certificates (RECs). For example, Arizona's Renewable Energy Standard and Tariff excludes hydropower generators, like Hoover Dam<sup>1</sup>. Therefore, the Renewable Energy Certificates being generated and sold on the interstate markets do not have the same value as wind/solar. In discussions with our members, solar RECs are selling for \$7/MWh, while hydropower is selling for under \$2/MWh.

Rep. Cathy McMorris Rogers (WA – 5) advanced the idea of classifying hydropower as a renewable in H.R. 4045 last session. We ask that hydropower be recognized as a renewable energy source, federally. In our opinion, this would enhance the value of RECs from hydropower across the country.

### Stranded Funds at Hoover Dam

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<sup>1</sup> [https://apps.azsos.gov/public\\_services/Title\\_14/14-02.pdf](https://apps.azsos.gov/public_services/Title_14/14-02.pdf)

Hoover Dam is an American icon but has seen a reduction in generation (48% from 2000 to 2023) due to drought. While hydropower makes up a small percentage of the energy portfolio in Arizona, it accounts for a significant portion of the energy to our members, who provide energy to the farmers and ranchers who feed our country. This results in increased costs and a need to buy more expensive replacement power to supplement the energy lost from federal hydropower.

Since 2001, Hoover customers (AZ, CA & NV) have paid a charge for Post-Retirement Benefits because Western Area Power Administration (WAPA) has included them in the rates. The Bureau of Reclamation (BOR) receives the funds into the Colorado River (Hoover) Dam Fund but does not feel that they have the authorization to use these funds. Therefore, these funds have become stranded, and the account has grown to over \$50M. We ran bipartisan legislation last year, but it failed to receive a vote due to a scoring issue. Despite no mechanism to return the money to Treasury, OMB scored it, because they count it against the National Debt. Since there is no outstanding liability, and the money represents customer funding for the project, we seek a mechanism to utilize these funds for Hoover Dam. We will be seeking a FY26 appropriations programmatic request, and hope the Council looks on this request favorably. In our opinion, this may also be able to be changed administratively and should be considered.

#### Tourism Subsidization at Hoover Dam

Due to being \$90M over budget during the construction of the Hoover Visitor Center (projected to cost \$32M), BOR negotiated with Hoover customers to allow tourism revenue to help offset the cost of the overage.

Unfortunately, since COVID, Visitor Services has seen a \$40+M shortfall, that lands on the power customers. This is because the Federal Land Recreation Enhancement Act precludes BOR from charging entry fees at BOR facilities. 90% of all BOR project visitations occur at Hoover (5M-6M people annually). Power customers seek relief from subsidizing tourism at Hoover by being able to charge an entry fee at Hoover. This would allow the project to cover the costs of tourism without asking for assistance from the federal government.

#### Environmental Impacts on Federal Hydropower Facilities

Hydropower has historically been below market, which has made it the target of unrelated and inappropriate projects for federal hydropower generation customers to fund. At Hoover, the environmental costs account for approximately 14% of the power rates, and at the Colorado River Storage Project dams, it is closer to 18%.

With the reduction in generation for dams on the Colorado River, costs have increased 30+%. Therefore, we ask the Council to evaluate ways for non-generation costs to be funded via other mechanisms. For example, the recent Glen Canyon Dam Long-Term Experimental and Management Plan SEIS called for bypassing the generators to cool the river downstream. This

cost the hydropower customers 20+M in replacement costs, even with WAPA modifying the releases to reduce power impacts.

While the non-native fish control responsibilities fall on the National Park Service, the Adaptive Management Work Group (including BOR), shifted these costs to the hydropower customers. WAPA had even included a non-bypass option in the LTEMP SEIS, that we had to fight to get included in the SEIS alternatives, but the past administration didn't give it serious consideration.

We request that, similar to the Putting People over Fish Executive Order, the National Energy Dominance Council evaluate the ongoing cost shifts that are not tied to the production of federal hydropower.

In addition, 500 MW of capacity at Glen Canyon Dam has been lost due to water release restrictions for environmental purposes. Reducing or eliminating those restrictions would provide immediate capacity for the Western grid without any new investments. We request that the Council evaluate ways to reduce these restrictions on water releases at Glen Canyon Dam.

### Non-Powered Dams

With only 3% of the dams in the United States currently generating power, we support the efforts of the Department of Energy's (DOE) NPD HYRDO Tool. We suggest that DOE prioritize dams based on capacity, water throughput, proximity to transmission lines and cost of interconnections. By permitting and installing the 12 GWs of potential capacity, this would help improve the grid, while not (or minimally) impacting existing water courses.

### Pumped Storage

With the influx of intermittent resources, electrical prices have changed dramatically. The solar glut (coupled with production tax credits) has produced negative pricing during midday. This allows for the opportunity to modify dam operations, add pump back systems to existing hydro facilities, and utilize energy arbitrage to reduce the cost of electricity when the sun goes down.

To accomplish this, we recommend that the Council explore installing pumped storage at existing dams to maximize the production value and its ability to integrate solar and wind into the grid. This may require some waivers or alterations of environmental constraints but will be safer and have more longevity than a battery energy storage system (BESS) with critical minerals.

### National Transmission System

The need for increased transmission capacity is a lagging topic of discussion, and one that should be advanced, given the time to construct new transmission lines. Last year the last 500 kV transmission line from California to Arizona was completed after being planned for over 40-50 years. The federal agency review and re-review has taken decades and increased costs multiple times when the final total line costs invested by SCE and others are compared to the actual construction costs of the 500 kV line. Today, the BLM and NFS easements that transverse the west are critical easements for regional power exchanges and interconnections to remote renewable and other resources and take decades and 10 times the costs to use!

The electrical pathways between Phoenix and California exceed 10,000 MW's today. We need to now double that for the data centers and population growth in the west. To help expedite new transmission line construction, we encourage the Council to consider expanding all current federal easements and rights of way (ROW) to 3 times the current widths to allow for expansion by the incumbent easement holders of all lines on all federal lands. This would expand those easements already reviewed by federal agencies and not disrupt undisturbed areas. Furthermore, with wildfire risks in the west, doubling or tripling these easements over such vast areas should reduce the spread of wildfires and the costly impacts they produce.

The agencies should allow the easement holder to clear and maintain the easement to create greater fire breaks along their facilities to help wildfire containment. Typically, utilities maintain their easements and are the stewards of the easements to best maintain them. These larger easements may dramatically reduce the risk of fires jumping the easements and reduce risks due to harsher winds and weather events on federal lands where fires are abundant. More pressure is on utilities to maintain power line easements for fire control in many communities. Therefore, it only makes sense the federal government gives them the real tools they need to succeed by expanding those easements and providing more space to help.

### Mead Market Hub

The Mead substation, west of Hoover Dam is currently built out. WAPA is exploring partnerships to help expand the substation, as well as develop a transmission line(s) from Mead to Oregon on existing ROW. This would allow abundant hydropower from Bonneville Power Administration to be delivered to the Southwest, as well as abundant solar to be delivered to the Pacific Northwest.

We encourage the Council to prioritize the development of the transmission line, expansion of the Mead substation, and inclusion of a BESS to help firm hydropower using excess solar energy.

### Transmission in the Southwest

The Southwest region is heavily dependent on transmission from California, but Arizona is impacted by FERC Docket No. ER21-1790-003, which allows CAISO to prioritize its load

over energy being wheeled through CAISO. As long as this is in place, CAISO can essentially sever transmission when it deems that it needs the resources. This can displace energy transactions between entities outside of California and throttle energy deliveries between the Pacific Northwest and Desert Southwest. It also can artificially distort the market for reservations on the bulk transmission system to avoid the CAISO Balancing Authority Area.

We encourage the Council and its members to increase and improve the interconnection infrastructure and avoid policies, market designs, and operational schemes that serve as barriers to exchanges and trades across Balancing Authority Area, Transmission Service Provider, and Market seams as well as between the Interconnections created by the North American Electric Reliability Corporation through its approved delegation agreement from the Federal Energy Regulatory Commission.

### Natural Gas in the Southwest

Fracking has allowed the United States to be the biggest producer of oil and natural gas in the world. Our energy independence has allowed us to aid our allies via LNG exports, while helping to reduce energy costs.

Mexico appears to be eyeing this resource as a market opportunity, taking advantage of the pause on LNG permitting implemented by the past administration. They are constructing LNG export terminals and adding natural gas generating plants supplied by US natural gas.

Natural gas represents 46% of the electricity generated in Arizona, but the state could benefit more transport capacity and storage. There is a storage location in Eloy, AZ which could help stabilize market fluctuations. We encourage the Council to prioritize the approval and construction of new natural gas pipelines and the storage project in Arizona and the southwest United States instead of allowing Mexico to continue to take advantage of US resources that could benefit our state.

Sincerely,



Russell Smoldon  
AMPUA



Ed Gerak  
IEDA

### AMPUA Members

Yuma County Water Users Association  
Hohokam Irrigation & Drainage District  
Avra Valley  
City of Avondale  
Contara Marana  
Electrical District #2

City of Gilbert  
City of Marana  
Trico Electrical Cooperative  
City of Wickenburg  
Mohave Electrical Cooperative  
City of Mesa  
City of Williams  
Mohave Valley Irrigation & Drainage District

IEDA Members

Aguila Irrigation District  
Ak-Chin Indian Community  
Buckeye Water Conservation & Drainage District  
Electrical District No. 6, Maricopa and Pinal Counties, Arizona  
Electrical District No. 7, Maricopa County, Arizona  
Electrical District No. 8, Maricopa County, Arizona  
Harquahala Valley Power District  
Maricopa County Municipal Water Conservation District No. 1  
McMullen Valley Water Conservation & Drainage District  
Ocotillo Water Conservation District  
Queen Creek Irrigation District  
Roosevelt Irrigation District  
Roosevelt Water Conservation District  
Tonopah Irrigation District  
Tohono O'odham Utility Authority  
Yuma Irrigation District  
Yuma-Mesa Irrigation & Drainage District

Joint Members of AMPUA & IEDA

Arizona Electric Power Cooperative (AEPCO)  
Central Arizona Water Conservation District  
Page Electric Utility  
The City of Safford Salt River Project  
The Town of Thatcher  
Wellton-Mohawk Irrigation & Drainage District