



DEPARTMENT OF THE INTERIOR

Bureau of Reclamation

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**Pumped-Storage Hydroelectric Power Development on Seminoe Reservoir,
Kendrick Project, Wyoming**

AGENCY: Bureau of Reclamation, Interior.

ACTION: Notice of intent to accept proposals, select lessee, and contract for pumped-storage hydroelectric power on Seminoe Reservoir.

SUMMARY: Current Federal policy allows non-Federal development of a potential electrical power resource on Federal water resource projects. This Notice provides background information, proposal content guidelines, and information concerning the selection of a non-Federal entity to develop pumped-storage hydroelectric power utilizing Seminoe Reservoir, a feature of the Kendrick Project, located in Wyoming. Interested entities are invited to submit proposals on this project. This Notice of Intent to accept proposals does not obligate Reclamation to select a lessee; the decision to select a lessee will ultimately be made based on the qualifications of submitted proposals.

DATES: A written proposal and seven copies must be submitted on or before 4 p.m. (Mountain Standard Time) on **[INSERT DATE 150 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. A proposal will be considered timely only if it is received in the office of the Area Manager on or before 4 p.m. on the above-designated date. Interested entities are cautioned that delayed delivery to the Area Manager's office due to failures or misunderstandings of the entity and/or of mail,

overnight, or courier services will not excuse lateness and, accordingly, are advised to provide sufficient time for delivery. Late proposals will not be considered.

ADDRESSES: Written proposals and seven copies should be sent to Ms. Carlie Ronca, Area Manager, Bureau of Reclamation, Wyoming Area Office, P.O. Box 1630; Mills, Wyoming 82644; telephone (307) 261-5671. Information related to the Western Area Power Administration's purchasing and/or marketing the power may be obtained at Western Area Power Administration, Rocky Mountain Region, Attn: Dave Neumayer, Power Marketing Manager, 5555 East Crossroads Blvd., Loveland, Colorado 80538, telephone (970) 461-7322.

FOR FURTHER INFORMATION CONTACT: Questions regarding proposal requirements or technical data available for Seminoe Reservoir may be directed to Mr. Brad Cannon, Bureau of Reclamation, Wyoming Area Office, P.O. Box 1630, Mills, Wyoming 82644; telephone (307) 261-5635. Upon receipt of your questions, Mr. Cannon will arrange an informational meeting and/or site visit with interested entities.

Reclamation reserves the right to schedule a single meeting and/or visit to address the questions or requested site visits submitted by all entities. Specific information related to operation and maintenance of the Seminoe Dam, Powerplant, and Reservoir may also be obtained from Mr. Brad Cannon at the above contact information.

SUPPLEMENTARY INFORMATION: Ensuring energy and economic security for America is a top priority of the Department of the Interior. This priority is achieved in part via new energy generation from hydropower. The Department, acting through Reclamation will consider proposals for non-Federal development of pumped-storage hydroelectric power utilizing Seminoe Reservoir as the lower impoundment for a

pumped-storage project. The Department will prioritize projects that appropriately balance increased energy generation with consideration of natural resource impacts, and which will not impact any of Reclamation's existing projects' specific purposes. The Western Area Power Administration (Western) would have the first opportunity to purchase and/or market the power that would be generated by such development under a lease of power privilege (LOPP) contract. Reclamation is considering such hydroelectric power development under its LOPP process and regulations.

The Federal Energy Regulatory Commission (FERC) also has jurisdiction in this case. FERC jurisdiction applies to all elements of a proposed pumped-storage hydroelectric power project at Seminoe Reservoir that are outside of Reclamation facilities and lands. In this case, FERC jurisdiction will include the upper reservoir, a large part of the penstock connecting the upper reservoir with Seminoe Reservoir, and other facilities (such as power transmission lines and access roads that are outside of Reclamation jurisdiction). The Kendrick Project (formerly known as the Casper-Alcova Project), located in south-central Wyoming, was found feasible by the Secretary of the Interior on August 27, 1935, and approved by the President on August 30, 1935. The Kendrick Project, including Seminoe Dam and Powerplant and Alcova Dam, were authorized pursuant to Section 4 of the Act of June 25, 1910 (36 Stat. 836), and Subsection B of the Act of December 5, 1924 (43 Stat. 702). Seminoe Dam, which is the primary storage feature of the Kendrick Project, was constructed from 1936 to 1939, while Alcova Dam, which diverts water from the North Platte River into the Casper Canal, was constructed from 1935 to 1938.

Seminoe Dam and Powerplant is a multiple purpose structure that provides benefits of irrigation, power, and flood control. Seminoe Dam is 295 feet high and is on the North Platte River, approximately 72 miles southwest of Casper, Wyoming. It has a total storage capacity of 1,017,280 acre-feet and construction was completed in 1939. Seminoe Powerplant contains three units, each composed of a 13,500-kilowatt generator driven by a 20,800-horsepower turbine.

Reclamation is considering a non-Federal pumped-storage hydroelectric power development on Seminoe Reservoir through a LOPP. A LOPP is a congressionally authorized alternative to Federal hydroelectric power development. It is an authorization issued to a non-Federal entity to utilize a Reclamation facility for non-Federal electric power generation, consistent with Reclamation project purposes.

LOPP contracts have terms not to exceed 40 years. The general authority for LOPP under Reclamation law includes, among others, the Town Sites and Power Development Act of 1906 (43 U.S.C. 522) and the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)) (1939 Act).

Reclamation and FERC will be responsible for compliance with National Environmental Policy Act (NEPA) requirements related to any project selected for consideration pursuant to this notice. Reclamation and FERC will also lead necessary consultation with involved American Indian tribal governments and compliance with the National Historic Preservation Act, Endangered Species Act, and other related environmental regulations for all elements of a proposed project. LOPP contracts will be issued only when Reclamation has determined that NEPA and any other regulatory

compliance requirements are completed. All Reclamation costs associated with project planning and regulatory compliance requirements will be borne by the selected lessee.

No Federal funds will be available for non-Federal hydroelectric power development. Reclamation's Kendrick Project is a Federal Reclamation project. In addition to submitting proposals to Reclamation as stated above, interested parties will also need to file an appropriate application with FERC in order to develop all elements of a non-Federal pumped-storage hydroelectric power development at this reservoir not encompassed by Reclamation's authority.

Fundamental Considerations and Requirements

As indicated above, Reclamation can only issue a LOPP for Seminole Reservoir on the lower reservoir in a pumped-storage system that encroaches or encompasses Reclamation lands. Parallel approvals from FERC will be necessary for project elements above the Reclamation-controlled lands and waters of the Seminole facilities. These elements will include part of the penstock, the upper reservoir, and potential appurtenant facilities such as transmission lines, access roads, etc. Reclamation and FERC will determine the appropriate relationship between the two agencies in coordinating the study and decision-making process.

Any LOPP on Seminole Reservoir must not interfere with existing contractual commitments related to operation and maintenance of Seminole Dam and other Kendrick Project facilities. The lessee (i.e., successful proposing entity) will be required to enter into a contract with the Bureau of Reclamation. This contract will (1) address requirements related to coordination of operation and maintenance with Kendrick Project stakeholders, and (2) stipulate that the LOPP lessee will be responsible for any increase

in operation or maintenance costs or lost revenues (e.g. Federal power interference) that are attributable to the non-Federal pumped-storage hydroelectric power project.

No LOPP project facilities or features will be permitted within the Reclamation zone surrounding Seminole Dam, including inlet/outlet works, hydropower facilities, and appurtenant facilities. The one exception to this constraint may be power transmission lines.

The lessee would be responsible for securing transmission and marketing of the power generated by the proposed project.

Western will have the first opportunity to purchase and/or market the power that is generated by the project under a LOPP. Western will consult with Reclamation on such power purchasing and/or marketing considerations. In the event Western elects to not purchase and/or market the power generated by the hydropower development or such a decision cannot be made prior to execution of the LOPP, the lessee will have the right to market the power generated by the project to others.

All costs incurred by the United States related to a proposed LOPP project will be at the expense of the lessee. Such costs include management and coordination of necessary Reclamation activities, provision of information, conduct of or assistance with regulatory compliance (including NEPA), consultation during design development and related to operation and maintenance under a LOPP, development of the LOPP, necessary contracts with outside consultants, or any other cost for which the government would be reimbursed by an applicant or the general public. In addition, the lessee will be required to make annual payments to the United States for the use of a Government facility in the amount of 2-3 mills per kilowatt-hour of gross generation. Under the LOPP, provisions

will be included for inflation of the annual payment with time. Such annual payments to the United States would be deposited as a credit to the Reclamation Fund.

Proposal Content Guidelines

Interested parties should submit proposals specifically addressing the following qualifications, capabilities, and approach factors. Proposals submitted will be evaluated and ranked directly based on these factors.

Additional information may be provided at the discretion of those submitting proposals. This additional/supplemental information will be reviewed and considered as appropriate in evaluating the overall content and quality of proposals.

Qualifications of Proposing Entity

Provide relevant information describing/documenting the qualifications of the proposing entity to plan, design, and implement such a project, including, but not limited to:

- (1) Type of organization;
- (2) Length of time in business;
- (3) Experience in funding, design and construction of similar projects;
- (4) Industry rating(s) that indicate financial soundness and/or technical and managerial capability;
- (5) Experience of key management personnel;
- (6) History of any reorganizations or mergers with other companies;
- (7) Preference status (as applied to a LOPP, the term "preference entity" means an entity qualifying for preference under Section 9 (c) of the Reclamation Project Act of 1939 as a municipality, public corporation or agency, or

cooperative or other nonprofit organization financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936, as amended); and,

- (8) Any other information not already requested above or in the following evaluation categories that demonstrates the interested entity's organizational, technical, and financial ability to perform all aspects of the work.

Proposed Project Plan

Describe and provide mapping and drawings of proposed facilities and equipment comprising the project. Include geographical locations and descriptions of all structures, pump/turbines, penstocks, upper reservoir, transmission lines, access roads, and other appurtenant facilities. Describe proposed capacities and general operation of the pumped-storage hydroelectric power project. Include: proposed pump/turbine capacity in pump and generate modes, power source and power consumption; upper reservoir site requirements, configuration, and water storage capacity; turbine generating capacity, transmission line size and route; and other relevant aspects of the project.

Also describe diurnal, seasonal and/or annual patterns (as relevant) of energy generation and consumption. Include descriptions and estimates of any influence on power generation capacity and/or consumption attributable to type of water year (i.e., each month of average, dry, or wet water years, as relevant). If capacity and energy can be delivered to another location, either by the proposing entity or by potential wheeling agents, specify where capacity and energy can be delivered. Include concepts for power sales and contractual arrangements, involved parties, and the proposed approach to wheeling, as relevant.

Proposed Approach to Acquisition of Necessary Property Rights

Specify plans for acquiring title to or the right to occupy and use all lands necessary for the proposed development, including such additional lands as may be required during construction.

Address lands necessary for transmission lines, access roads and all aspects of project development, operation, and maintenance.

Proposed Plan for Acquisition/ Perfection of Water Rights

Necessary water rights or purchases must be arranged by the project proponent(s). Quantify water necessary for operation of the proposed development(s), including initial fill of the upper reservoir and replacement of water lost to evaporation or other aspects of annual system operation. Identify the source of water rights acquired or to be acquired to meet these water needs, including the current holder of such rights, and how these rights would be used, acquired, or perfected.

Impact on Kendrick Project Water Rights and Operations

Describe any potential changes in seasonal or annual fulfillment of existing water rights or storage contracts that may occur as a result of the proposed pumped-storage hydroelectric power project. Also provide full hydrologic analysis and related studies exploring potential impact of the project on current operations and projected operations of Seminole Dam, Powerplant, Reservoir, and/or the Kendrick Project as a whole.

This analysis should include estimates of daily fluctuations in reservoir elevation attributable to proposed project operations, including schedule (nighttime filling, daytime generation) and other details pertinent to reservoir fluctuations.

Long-Term Operation and Maintenance

Provide a description (with relevant references) of the project proponent's experience in operation and maintenance of pumped-storage hydroelectric or similar facilities once they are operational and over the long-term (i.e., the 40-year lease contemplated for the proposed project). Identify the organizational structure and plan for the long-term operation and maintenance of the proposed project. Define how the proposed project would operate in harmony with Seminole Reservoir and the Kendrick Project as a whole, specifically related to existing contracts for operation and maintenance of Kendrick Project features.

Proposed Contractual Arrangements

Describe anticipated contractual arrangements with project stakeholders at Seminole Reservoir or the broader Kendrick Project. If desired, contact information for Kendrick Project stakeholders can be obtained from Mr. Brad Cannon at the mailing address and telephone number provided earlier in this notice.

Management Plan

Provide a management plan to accomplish such activities as planning, NEPA compliance, LOPP development, design, construction, facility testing, project commissioning, and preparation of an Emergency Action Plan. Provide schedules of these activities as applicable. Describe what studies are necessary to accomplish the pumped-storage hydroelectric power development and how the studies would be implemented.

Environmental Impact

Discuss potentially significant adverse impacts from the proposed project on biophysical or sociocultural resource parameters at Seminole Reservoir and/or the Kendrick Project as a whole.

Other concerns may include, but not be limited to, impact on land use adjacent to proposed facilities, recreation at Seminole Reservoir or in surrounding upland areas, cultural resources, and Indian Trust assets.

Discuss potential adverse impacts based on available information. Provide information on the types and severity of expected impacts and proposed methods of resolving or mitigating these impacts. Describe also any potentially beneficial environmental effects that may be expected from the proposed project, including such perspectives as energy conservation or using available water resources in the public interest.

As necessary, describe studies required to adequately define the extent, potential severity, and potential approaches to mitigation of impacts that may be associated with the proposed development.

Other Study and/or Permit Requirements

Describe planned response to other applicable regulatory requirements, including the National Historic Preservation Act, Clean Water Act, Endangered Species Act, and state and local laws and licensing requirements. Also describe any known potential for impact on lands or resources of American Indian tribes, including trust resources.

Project Development Costs and Economic Analysis

Estimate the costs of development, including the cost of studies to determine feasibility, environmental compliance, project design, construction, financing, and the

amortized annual cost of the investment. Estimate annual operation, maintenance, and replacement expenses, annual payments to the United States that are potentially associated with the Kendrick Project. Estimate costs associated with any anticipated additional transmission or wheeling services. Identify proposed methods of financing the project. Estimate the anticipated return on investment and present an economic analysis that compares the present worth of all benefits and the costs of the project.

Performance Guarantee and Assumption of Liability

Describe plans for (1) providing the Government with performance bonds or irrevocable letter of credit covering completion of the proposed project; (2) assuming liability for damage to the operational and structural integrity of Seminole Dam and Reservoir facilities or other aspects of the Kendrick Project caused by construction, commissioning, operation, and/or maintenance of the pumped- storage hydroelectric power development; and (3) obtaining general liability insurance.

Other Information

This final paragraph is provided for the applicant to include additional information considered relevant to Reclamation's selection process in this matter.

Selection of Lessee

Reclamation will evaluate proposals received in response to this published notice. Proposals will be ranked according to response to the factors described in Fundamental Considerations and Requirements and Proposal Content Guidelines sections provided in this notice. In general, Reclamation will give more favorable consideration to proposals that (1) are well adapted to developing, conserving, and utilizing the water resource and protecting natural resources; (2) clearly demonstrate that the offeror is qualified to

develop the hydropower facility and provide for long-term operation and maintenance; and (3) best share the economic benefits of the pumped-storage hydroelectric power development among parties to the LOPP. A proposal will be deemed unacceptable if it is inconsistent with Kendrick Project purposes, as determined by Reclamation.

Reclamation will give preference to those entities that qualify as preference entities (as defined under Proposal Content Guidelines) provided that the preference entity is well qualified and their proposal is at least as well adapted to developing, conserving, and utilizing the water and natural resources as other submitted proposals. Preference entities will be allowed 90 days to improve their proposals, if necessary, to be made at least equal to a proposal(s) that may have been submitted by a non- preference entity.

As noted, this Notice of Intent to accept proposals does not obligate Reclamation to ultimately select a lessee for pumped-storage hydroelectric power development on Seminoe Reservoir.

Notice and Time Period to Enter Into LOPP

Reclamation will notify, in writing, all entities submitting proposals of Reclamation's decision regarding selection of the potential lessee. The selected lessee will have 3 years from the date of such notification to accomplish NEPA compliance and enter into a LOPP for the proposed development of pumped-storage hydroelectric power at Seminoe Reservoir. The lessee will then have up to 3 years from the date of execution of the lease to complete the designs and specifications and an additional 2 years to secure financing and to begin construction. Such timeframes may be adjusted by Reclamation

for just cause resulting from actions and/or circumstances that are beyond the control of the lessee.

Michael S. Black,

Regional Director,

Missouri Basin – Interior Region 5,

Bureau of Reclamation.

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