Multiple Factors Threaten CVP Power

Historically, the federal multipurpose water projects of the Central Valley Project (CVP) have been an economic source of power supply for Northern California Power Agency (NCPA) member communities and districts. With negotiations well underway for new CVP power contracts in 2025, cost certainty is imperative. The recent Court decision affirming that power customer payments into the Central Valley Project Improvement Act (CVPIA) Restoration Fund must be proportional to CVP benefits provides important certainty on what has been a major cost variable. The Bureau of Reclamation must now take the steps necessary to implement the Court's decision going forward and request nonreimbursable federal appropriations to ensure needed funding.

CVP Power Contracts

Current long-term CVP contracts expire in 2024. WAPA has released final contracts and CVP power customers are in the process of gaining direction from their governing boards to sign new 30-year contracts.

CVP power customers will continue to evaluate whether to maintain their current CVP purchases, reduce those purchases, or pursue alternatives. Long-term contracts benefit both power customers and other CVP purposes. CVP power customers gain access to a renewable and carbon-free resource, and long-term contracts provide stable funding for continued operations of the CVP and the environmental restoration work under the CVPIA.

Court Affirms "Proportionality"

Historically, CVP power customers were assigned roughly 26% of CVP capital costs and now roughly 34 percent based on a recently updated CVP cost allocation study. While the CVPIA called for power customer contributions into the Restoration Fund to be proportional with CVP assigned costs, over the past decade power customers paid more than 45% of total Restoration Fund assessments—and on average more than 75% in droughts years.

After repeated efforts to correct this inequity, NCPA filed a complaint in the U.S. Court of Claims. With the Court having ruled in NCPA's favor and made clear the obligation of CVP power customers to the CVPIA, it is incumbent on the Bureau of Reclamation to both align its historical accounting process with the ruling and ensure proper allocation going forward.

CVPIA Funding Plans Must Meet Environmental Objectives and Court-Ordered Funding Limitations

NCPA has long supported the environmental objectives of the CVPIA and remains committed to fulfilling our obligations.

Similar to other restoration programs across the country, federal appropriations can be used to meet environmental objectives without increasing ratepayer obligations beyond what is allowed under the CVPIA.

NCPA encourages Reclamation to request and Congress to provide sufficient nonreimbursable appropriations to meet CVPIA financial needs in excess of contributions from CVP water and power customers.

Resist New "Mission" for WAPA

The mission of WAPA and the other federal power marketing administrations (PMAs) is vitally important and limited in scope: marketing and delivering electricity generated at federal multipurpose dams to non-profit, consumer-owned utilities. In turn, power customers repay all of the costs associated with the production and delivery of this renewable resource, with interest.

Over the past several decades, successive Administrations have pursued assaults on the PMAs. Some have proposed to use the PMAs as a cash register by artificially raising rates or proposing short-sighted privatization schemes, while others have sought to use the PMAs to advance goals that are far outside the narrow scope and mission of the PMAs. WAPA plays an important role in delivering this federal resource. Layering new responsibilities will distract the agency from its core function and impose additional and uneconomic costs.

NCPA urges the delegation to continue to resist any effort to expand WAPA's mission.