



ET&C 17-151

Janet Barbieri  
Project Manager  
Sites Project Authority  
P.O. Box 517  
Maxwell, CA 95955

Dear Ms. Barbieri,

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to submit comments on the draft Feasibility Study for the North of Delta Offstream Storage Project (Sites Project).

SMUD, as the largest Central Valley Project (CVP) Preference Power Customer, as well a Municipal and Industrial CVP Water Contractor, has a major financial interest in the prudent management of CVP facilities, resources and programs which affect the availability of CVP power and the stability of water rates. SMUD provides payments into the Restoration Fund and repayment of the CVP plant-in-service and operations and maintenance costs allocated to power. SMUD has a vested interest to assure the cost of CVP power to be competitive and available to the CVP power customers. SMUD also actively participates in the actions either state or federal which may impact the cost of CVP power.

SMUD understands that the Sites Project will be financed and constructed by the Sites Project Authority, a non-federal utility. The Authority would own and operate Sites Reservoir, the TRR, the Delevan Pipeline, and the three new pumping/generating plants.

Operation of Sites Project would require the use of the T-C Canal and Funks Reservoir, which are owned by Reclamation, for diverting water into Sites Reservoir and releasing water for deliveries. The role of the federal government in the Sites Project will be minimized (page ES-12).

The following concerns and considerations on the Feasibility Report:

SMUD would like to go on record that the CVP power contractors should not be impacted due to the future construction or operation of the Sites Project.

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SMUD is concerned about the potential increased CVP Project Use pumping. CVP power may be used to deliver water via the Tehama – Colusa Canal or reoperation of the Jones Pumping Plant. SMUD want to assurance that no power costs related to Sites Project operation will be assigned to the CVP Power Customers.

Currently CVP Project Use Pumping directly reduces the amounts of the base resource energy made available to the Western Area Power Administration and the CVP Power Customers. The less CVP power available for sale results in an increase to the remaining block of power available to the CVP power Customers.

SMUD has concerns that the power benefits that are estimated from the Sites Project are overstated and possibly inaccurate. Page ES-31 of the report states that the generation operations will offset the cost of energy for the pumping operations. Basically it is assumed that the Sites Project will operate successfully by selling the power when the prices are high and buying power when prices are low.

By pumping water from the Tehama Colusa Canal, the Sites reservoir forebay and other potential pipeline facilities will require more energy than what will be generate when the water is released back to the Sacramento River. This is stated in Appendix H in the DWR analysis where DWR estimated a negative net present value of the combined Sites Project pumping and generation operation.

Also please note that the increase in the California Renewables Portfolio Standard from 33 percent to 50 percent will likely lower the overall cost of wholesale power and have an impact on the potential revenue from power sales from the Sites Project.

As the Federal Government becomes involved in the operation of the Sites Project, it is expected that existing and future regulations, biological opinions, possible unimpaired flow regulations and actions by the State Board will have impacts to operation and power costs / benefits of the Sites Project.

With the above mentioned concerns, SMUD recommends that the Feasibility report be updated.

Thank you for the opportunity to comment. I if you have any questions please contact Paul Olmstead at (916) 732-5716 or [Paul.Olmstead@smud.org](mailto:Paul.Olmstead@smud.org).



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