

**Remarks for Arizona Power Authority
75th Anniversary Legislative Luncheon
April 15, 2019
By Administrator and CEO Mark A. Gabriel**

Good afternoon. I am Mark A. Gabriel, Administrator and CEO of Western Area Power Administration. Thank you for inviting me to honor the 75th anniversary of Arizona Power Authority.

WAPA and APA have had a long and successful relationship providing renewable, reliable and at-cost hydropower to the state of Arizona. Today, WAPA's rates are the lowest in the state for electricity, supporting the economies and livelihoods of rural communities and urban areas alike.

APA is quite a bit older than WAPA, and it has aged well. It was one of the original customers of the Boulder Canyon Project, which includes the hydropower generated at Hoover Dam. In fact, APA was created to make Arizona "ready, willing and able" to accept Hoover power.

Today, APA receives 19 to 20 percent of hydropower generated at Hoover, making it one of BCP's and WAPA's largest customers in terms of energy sales and revenue every year.

The importance of hydropower and particularly Hoover Dam cannot be overstated.

Hydropower has existed in this country since before the Civil War. It is the original renewable, its reservoirs are the original batteries and it serves as a base resource in electric generation. Hydropower may be absent from ongoing discussions in Washington and around the country about how to appropriately protect and compensate base resources such as coal and nuclear, yet it possesses the same attributes that make coal and nuclear reliable: Hydro is a steady, massive source of stable energy powered by inertia and gravity and unaffected by changing weather.

Hydrogenerating stations like Hoover and Glen Canyon are more reliable than coal and nuclear due to their ability to operate at a wider range of frequencies and lightly loaded transmission line conditions. It is one of the few sources of energy that does not require significant start-up resources or station service to begin generating. These final benefits make hydropower the optimal choice for bringing the grid back online after massive blackouts.

In the event of a major, widespread power outage, hydroelectric dams have the ability to provide off-site emergency power to generating sources. The capability to energize a non-operating generating facility with no on-site power is called black start.

The black-start capabilities of Hoover and Glen Canyon are critical to restoring power to the Southwest U.S. following a major grid disturbance. Together, they provide off-site shutdown power to the Palo Verde Nuclear Generating Station, ensuring a controlled and safe de-energization and re-energization. They are also the primary source of frequency and voltage control as islanded power systems across the Southwest are brought online and knitted back together into an integrated grid.



More than 80 years after its construction, Hoover Dam is still considered a modern engineering marvel, drawing some seven million tours every year. It is a humbling testament to the ingenuity, imagination and determination of the American dream.

Over the past 10 years, Hoover Dam, our second largest powerplant, has generated an average of 3.68 billion kilowatt-hours of energy annually, enough to power nearly 354,000 average American homes. Arizona, through APA, receives about 700 million kilowatt-hours each year.

Without the clean, renewable and cost-based power from Hoover, APA and the state of Arizona would have had to replace the equivalent of more than 67,000 homes' worth of energy every day going back decades. This energy would have likely been replaced with more expensive fossil fuels, which were all that had been available for most of Hoover's existence.

APA has also demonstrated that it is not content to ride the coattails of its legacy. The people at APA continue to look toward securing a successful future for Arizona in a new energy frontier.

APA collaborated closely with Reclamation, WAPA and the other Hoover contractors to preserve the value of Hoover for Arizona well into the future, playing a critical role in the passage of the Hoover Power Allocation Act of 2011 and the ensuing nine-year remarketing effort. This act guaranteed new customers in Arizona would receive one-third of the new resource pool, expanding the benefits of Hoover to more of Arizona's residents for the next 50 years. Thanks in large part to the work of APA, 23 new Arizona customers began receiving the benefits of Hoover hydropower last year, most of whose allocations are managed through APA.

APA is also looking beyond Hoover to the opportunities surrounding the electric utilities in the West. Representatives from APA attended a WAPA-hosted workshop last week that focused on our goals, objectives and concerns regarding market developments in the West that could fundamentally change the way utilities operate.

We appreciate the long-standing working partnership with APA in serving our mutual customer base. Together, we are planning a successful and beneficial future for Arizonans in a connected energy future.

