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TRACEY LeBEAU INTERVIEW

Hi and welcome to Grid Talk. Today, we have with us, Tracey LeBeau, the Administrator and CEO of the Department of Energy's Western Area Power Administration. Hi, Tracey.

A: Hi; good afternoon.

Q: Good afternoon. We're very pleased to have you to talk about a number of issues because they're a lot of exciting developments in the world of transmission and there's going to be renewed investments in transmission and along with the whole grid as part of the Department of Energy's \$62 billion dollar infrastructure spend on the energy grid. So, with WAPA having 17,000 miles of transmission in 15 states and \$4 billion dollars in assets, can you just give us a big overview of what this might mean?

A: Sure, and thanks for having me on the podcast. So, I think in terms of the Bipartisan Infrastructure Law, I think it's going to affect us in a couple of different ways. So, I think first and foremost, we received \$500 million dollars for purchase power and wheeling costs and essentially, that authority allows us to meet some of our contractual obligations to deliver energy. Really, real time generation from federal hydropower resources is insufficient and so that funding is limited to those purchase power and wheeling costs and it's reimbursable but it really did help us bring us back to a requisite level and very particularly helpful as we enter further into this era of drought and extreme weather throughout our footprint so that was a big help. The second way that

we're going to be affected is there are a number of provisions that seek to provide additional opportunities or tools to help facilitate the development, the investment, and the construction of new or expanded transmission infrastructure as you noted. I...those tools, those programs, that funding is all getting flushed out as we speak and programs are getting ready to be stood up and our secretary has noted it and several occasions in the last few weeks that we're undergoing a historic hiring opportunity so I think we're looking at bringing on a thousand people at the Department to help carry out all of these new, exciting new programs and authorities. But in addition to that so I guess not in addition to and related to that, is, WAPA actually has a Transmission Infrastructure Program which is just over 10 years old and that program is a \$3.25 billion revolving loan fund and which was established really to provide some debt capital to transmission and related projects that is geared to facilitate the delivery of renewable energy, so this...

Q: Tracey, talk a little bit about how that works. What does it mean on the ground? How's that going to be put out there?

A: Sure, right. So, it's really important to understand and this is a revolving loan fund so this is not guarantee but is actual debt capital and so over the last decade, we've successfully financed several transmission projects. Really our strong suit in this area is for transmission projects or related infrastructure projects namely like commercially, commercially-deployed technologies around storage but those opportunities to help finance those projects are our strong lean is construction financing. That's something we, you know we put transmission, engineering, designs, siting, operations, construction, that's really our strong suit, so that...

Q: So, if I can...just so I understand this, you have 17,000 miles of transmission. Is this and then we're discussing right now, going back and retrofitting and upgrading that or putting new lines out there to new places? Talk; where is it going?

A: So, this infrastructure program, this \$3.25 billion dollars of capital that we've had like I said for the last decade; really, it's for new or expanded projects. This is really one of the very few unique public/private partnership programs out there in the Federal government and it's geared towards again, new or expanded transmission. A lot of these projects; some of them have been interconnected into our systems and some of them that we are looking to finance possibly are not interconnected to our systems. Really, the point of this authority in this program was to kind of get equity investment capital kind of off the sidelines into transmission to be that valued partner that not only brings debt capital to the table but also smart money that understands transmission.

Q: So, can you point to some unique angle or noteworthy the renewable projects that this has enabled? Is it getting solar and wind deployed out into areas that haven't been before?

A: Well, that's the goal. That is definitely the goal and as you well know that in the last decade, there's lots of planning, lots of pre-positioning that's been done for large transmission to facilitate big renewable buildout. A lot of that hard work has been done. I think that's the good news in all of this that some major permitting work and siting work has been done for some interstate transmission projects out there. I think that now that the offtake, the purchase power, the market aspect, is solidifying and clarifying a lot of these projects are moving forward now on the commercial side of things so I think at that point when they have sufficient clarity on with the types of commercial

commitments that are to be made to these projects with renewable offtake but also for our interests is the transmission service agreements attendant to all of that. As that all starts clarifying which it is, all of that work that we've been doing for years in relation to siting and permitting these big projects I think it has been time well spent and it's going to be an exciting next couple of years.

Q: So, you're...earlier in your opening remarks were talking about addressing to the hydro situation. WAPA has 57 hydro projects and you have a good visibility to what's going on in your region, and the drought seems to be dire and unrelenting in and we all have seen the pictures of major hydro dams where the water level is at historic lows. Talk about how bad it is and how do you compensate? What kind of plans are you putting in place as a result and I assume your assumption is it's not going to get better soon?

A: I think that's the right assumption. It's hard...it's a little difficult for us to over general...I don't want to over generalize by any one kind of approach. We've got as you noted, 57 hydroelectric dams that we market the power from that are, those dams are being operated by the Bureau of Reclamation or Army Corps, so yeah, we've seeing drought conditions worsening and not just in the Colorado River Basin which is getting a lot of press and attention, and rightly so. But we're actually seeing drought in every one of our regions and so, it's just a matter of time I think; I hope I'm wrong but I think it's just a matter of time that we're just going to see one of our regions at the Upper Great Plains is starting to see some of the drought starting to show itself whereas again, the Colorado River Basin which has Hoover Dam and others that folks see in their press a lot recently. We're all starting to see the beginnings of this, so...

Q: You have an enormous transmission grid. What's been the impact of this and how can you...how resilient is it to respond to the situation?

A: The practical impacts have been for a lot of our customers that the reality is, we can only market what's generated. I mean, our primary mission is to market what is generated at these dams. If the water just isn't there to generate and our customers have to look around and try to figure out how to supplement what is their load requirements and, in some cases, they've asked us to go out into the market and find that supplemental power and provide that and market that to them. In other cases, they're going out into the market and finding it themselves. This year we are looking to kickoff a dialogue about what the future really looks like for all of us not just WAPA, not just Reclamation but really our customers; what they see into the future; how they want to approach this, not so much from a short-term perspective. We've got operational agreements and planning and really and some good work that's been done to try to eke out every bit of efficiency that we can between us and our customers and the Bureau of Reclamation and Army Corps, but it's really that longer-term approach. What does that path look like for all of us because it's not just within our...it's just not just our decision to make. We tout that the very trusted partnership with all of our over 700 customers that we need to understand, that this is a shared path and we're going to start exploring that this year.

Q: So, as you try to eke out every last drop of efficiency as you said, and have a longer-term approach, asset management and data as a strategic asset becomes critical. Can you talk a little bit about what that is enabling you to do?

A: Well, in normal times we can...we've really spent a lot of time and effort which has been a great investment of ours into building up our asset management program that helps us inform where our investments and where...and also our customers what their investments are going to go towards and help prioritize or triage or make those important decisions for the next 10 years. One of the things that we're talking about, we're talking internally now and kind of bringing it back to your first question about how the Bipartisan Infrastructure Law could be helpful or intersect in our operations is that, I think there's some opportunity now to look at, what does the future look like? What does our grid need to be more resilient? We have been for years I think been doing exceptionally well about planning and executing on of a reliability requirements but I think this is a really opportune time to explore how, what kind of strategy; what kind of technologies that we can use and partner with our customers to make our grid more resilient? And I think all of that data, all of that asset management data that we've been collecting about the age of our systems, the conditions of our systems, has put us again in good stead from a reliability standpoint but I think it's really going to be the foundation that we use to start exploring how to make our systems more resilient particularly in the wake of drought, in the wake of extreme weather.

Q: When you talk about resilience being largely out West, I think of the forest fires. How is that affected by your intelligence and your asset management? How have you been able to get on top of the problem and what do you see doing in the future?

A: We...I think getting more proactive about wildfire mitigation and management issues we've attacked it from several different directions. One is, years ago we had started programs within our footprint to widen some of our easements and really take a

more aggressive stance on integrated vegetation management. We've used drone technology. We've used LiDAR; we've used a lot of different things to inform kind of where we need to do that and we have been able to do that and it has really worked out well for us when we had some particularly threatening wildfires last summer and the summer before, so knock on wood, that has worked out well for us thus far. I think going forward, we're in constant discussions with the Department which has a lot of great expertise on the technology side. We are in conversations with our DOE National Labs who are also working on different sorts of technologies to place better sensors out in the field so we've got kind of eyeballs on what's going on, and particularly when we're kind of in the heat of things and there are wildfires breaking out or nearby, that we've got all of those technology tools to better focus our resources and efforts.

Q: Now, there have been major fires recently in Colorado and several years in California. Do you see new plans emerging to get on top of that and get ahead of that issue?

A: I think one of the things that we started last year and the year before was aligning better with our interagency partners particularly on the land management side, Forest Service, BLM and others, to work more collaboratively about permits and streamlining of efforts to get folks out into those sites a little faster, a little easier; pursuing vegetation management strategies with them to kind of clear away and remove a lot of that fire danger so I think those efforts need to continue to happen both at the Federal level and the state level and the local level. I think all of those resources need to continue to be better aligned and coordinated to address a lot of that.

Q: As you look at these twin problems we've been discussing both the drought and the diminishment of hydro resources, and the fire threats, how is that affecting your overall mission to be a power marketing agency in 15 states?

A: Well, that is something I think that this year we're going to spend some time and effort exploring with our customers what that really means for us. It feels a little existential sometimes. One of those...as a new administrator, folks often ask me what keeps me up at night and often have responded with weather. Weather keeps me up at night and it's something that we can't control per se but it's something that we can control for. But it also warrants a conversation and dialogue for like I mentioned before that we're going to initiate this year and just explore with our customers and with our stakeholders, kind of their needs, their expectations longer term about roles and responsibilities we can take and I think at this point, I know it's a little cliché at this point, describing the situation as unprecedented, but it really is, and I think given all the tools and technology and strategies that we can take to address a lot of these issues is really going to take everybody, everybody's ideas and innovative approaches to how we could do this all together. I don't have an answer for you right now about what this is going to mean longer term about our ability to deliver on our mission. I think we are delivering our mission quite well but I do realize that the situation is unprecedented and we're going to have to have that dialogue with the stakeholders and our customers.

Q: Well, all that does is makes me interested in reconvening in about 6 months or a year and see how that's going. But Tracey, tell us a little more about yourself. You're new to this administrative job. What has been your background? What excites you most

about role you now have moved into given the headaches that we've been discussing that go with the job?

A: Well. I've been with WAPA for I think about 7 years; approximately about 7 years and I came to WAPA from the Department of Energy headquarters in Washington, DC and prior to that I was actually an energy developer and so I know what it takes to site and permit and pursue energy development in the West and so, I had that, kind of had that coming in; that understanding coming in and when I came to WAPA initially I was the; I was asked to come in and refresh our Transmission Infrastructure program which I referred to earlier, infrastructure loan program, and which I thought was a very good match between my skillset, my private sector skillset and really what this very unique public/private partnership program. After that, I moved around the agency, helping reorganize parts of it. I was its Chief Administrative Officer. I actually ran...I was the manager overseeing our systems in the Desert Southwest so I've seen this organization from several different vantage points and what really intrigues me and kind of keeps me very excited about this position, about the organization as a whole is really our grounding and we're so close. We live in the communities that we work with and that we serve and we're so grounded in that. Our mission isn't just a mission statement; it is really our relationships and by our, I mean mine. All of the employees I get to lead and work with every day. Their commitment to their communities and the customers we serve is just very inspiring and it's nice to...I've lived through most of my life, all my life I've lived all over the country but the better part of my life I've lived in this WAPA footprint and so this path, the mission that we all walk together with our customer communities that we service is very meaningful to me on multiple levels. I have family

all within this footprint and so that's something that I...the impact that we can have on our communities that we serve is very, very inspiring.

Q: So, Tracey, you've told us about your background and we've talked about some of the complexities that you're facing. The last question I'd like to ask you is what is your vision for the agency? What do you see coming in the next few years? What would you like to accomplish?

A: I'd like to really; I'll step back a minute. I stepped into this...I stepped into my manager role as the pandemic was starting and now step into the WAPA administrator role while it was still going on and now, we're entering into this; we're going to have this dialogue with folks about drought, about all of these extreme weather events. All of the kind of roles and responsibilities that we have not to just serve customers but also, we have towards the communities that we live in and serve and getting us through some of those crucial conversations I think is going to be is something I'm a little; I'll be honest with you, is something I'm a little intimidated by but I'm also very inspired by and I'm looking forward to doing that. I think that's something that given all the opportunities where we started this conversation with the Bipartisan Infrastructure Law, all the opportunities that has now bringing to our customers and to the West I think is going to be something that is going to be very exciting to kind of get through. Kind of lead through all of those changes and through this change is both a challenge and a great opportunity that I'm very thankful for.

Q: Thank you, Tracey. That's been great.

A: Thank you.

And thank you for listening to Grid Talk. We've been talking to Tracey LeBeau, the Administrator and CEO of the Western Area Power Administration in the Department of Energy. Please send us your feedback or questions to GridTalk@NREL.gov and we encourage you to give the podcast a rating or review on your favorite podcast platform. For more information about the podcast series or to subscribe, visit SmartGrid.gov.

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