

# National Hydropower Association



## Policy Update

October 2009



# Legislative Affairs

# 2009 Stimulus Bill- Tax Incentives

## Production Tax Credit (PTC)

- 3-year extension through Dec. 31, 2013
- Long term extension provides the time for hydro projects to go through licensing, order equipment and construction
- Hydro receives half-credit (1 cent per kwh)

## Eligible hydro resources

- Capacity additions at existing facilities
- Efficiency improvements at existing facilities
- New development at non-powered dams
- Hydrokinetics - ocean, tidal, in-stream and conduit power

# 2009 Stimulus Bill- Tax Incentives

## Investment Tax Credit (ITC)

- 30 percent credit in lieu of the PTC for facilities placed in service in 2009-2013
- PTC eligible hydro resources included
- NHA advocated for the longer 2013 extension

## Department of Treasury Grants

- Grants cover 30% of the cost of a renewable energy project that commence construction before Dec. 31, 2010
- Grant is in lieu of PTC/ITC. Terminates on January 1, 2014
- NHA advocated for the longer credit period through 2013 and eligibility for projects that begin construction in 2010

# 2009 Stimulus Bill- Tax Incentives

## Clean Renewable Energy Bonds (CREBs)

- \$1.6 billion re-authorization
- CREBs eligibility for hydro projects mirrors the PTC/ITC
- High demand for program. Bonds originally awarded on cost basis, larger hydro projects denied as funds ran out

## Advanced Energy Investment Tax Credit

- 30% credit for manufacturers to re-equip, expand or establish a renewable energy manufacturing facility
- Original language only included solar, wind and geothermal
- NHA sought inclusion of “other renewable resources” to include hydro and hydrokinetics

# 2009 Stimulus Bill- Hydro Investment Provisions

## DOE Waterpower Program

- \$2.5 billion overall in stimulus for DOE EERE programs
- \$32 million for hydropower modernization projects
  - Over 100 letters of intent, 60 applications
- Additional FY 2009 funding for the Waterpower program of \$40 million, with \$23.5 million in solicitations for project development funds
- NHA got \$50 million for the program's FY2010 budget

## DOE Electric Reliability Program

- \$4.5 billion in new program funds to modernize the grid, enhance security and reliability of the energy infrastructure, energy storage research, development, demonstration and deployment
- Key role for pumped storage hydro projects

# 2009 Stimulus Bill- Hydro Investment Provisions

## DOE Innovative Technologies Loan Program

- \$6 billion in additional funds. Construction must commence by Sep. 30, 2011.
- Funds for rapid deployment of renewable energy projects, including hydropower, hydrokinetics, and pumped storage, as well as electric power transmission systems.
- NHA working with other organizations to improve program

# House RPS & Climate Legislation



## Waxman/Markey Bill

(H.R.2454)

- Passed on June 24<sup>th</sup> by a vote of 219 to 212
  - One Vote Margin
- Comprehensive Bill Addressing Energy and Climate Issues



# Looking Forward in the Senate

- Bingaman Energy Bill Passed out of ENR Committee
- Kerry-Boxer Climate Portion Introduced 9/30
- Committee Mark-Up This Week



# Down Payment- Renewable Electricity Standard



## The House

- 2012: 6%
- 2013: 9.5%
- 2016: 13%
- 2017: 16.5%
- 2020: 20%



## The Senate

- 2011: 3%
- 2014: 6%
- 2017: 9 %
- 2019: 12%
- 2021: 15%

- Allows a portion to be met with efficiency
  - 25%- House and 27%- Senate

# How Does Hydro Fit?

## RES recognizes hydro:

- Removes from Base All Existing Hydropower
- Includes as Qualified Hydropower
  - Incremental- additions to existing facilities
  - New development at non-power facilities
  - New technologies of ocean, tidal and hydrokinetics

# Treatment of Hydro: House and Senate Comparison

- Senate vs. House
- House and Senate provisions nearly identical except:
  - Dates for qualified facilities
    - House 1988
    - Senate 1992
  - Special Treatment for Alaska
    - Up to 50 MW, pumped storage, lake taps

# Congressional Measures Set Targets

## Cap and Trade Reduction Goals:

(percentages are of 2005 levels)



2012 – 97%

2020 – 80%

2030 – 58%

2050 – 17%



# Recognition of Hydro in Cap & Trade Program

- **Allowances to Electricity Local Distribution Companies (LDCs)**

- Directs EPA to Distribute Allowances to LDCs based on specific formula 50% based on CO2 Emissions, 50% based on Electricity Delivered or Sold

- **State Energy and Environmental Development (SEED) Accounts**

- Common Repository for Federal Financial Assistance to Support Development of Renewable Energy and Energy Efficiency

# Congressional Climate Proposals

## NHA's work

- Not directly engaging in the allowance allocations debate - historic emissions vs. output
- Working to ensure that hydro and hydrokinetics do receive allowance value
- Ensuring the definition of renewable resources includes hydro and hydrokinetics
- Supporting proposed renewable energy set aside of allowances that would go directly to renewables
- Supporting other clean energy programs in a climate bill that help develop and deploy renewables, including hydro and hydrokinetics
- Supporting hydro's inclusion on state SEED program

# New Hydro Legislation

## PTC Parity

- HR 2626 sponsored by Rep. Meek (D-FL)
- S 1090 sponsored by Sen. Wyden (D-OR)
- NHA is working to secure co-sponsors for these bills and advocating for their inclusion in the energy and climate legislation under development

## Pumped Storage Incentives

- S 1091 sponsored by Sen. Wyden (D-OR)
- Makes pumped storage eligible for an ITC and the CREBs program
- NHA assisted Wyden's office in drafting the bill and is working to secure co-sponsors and its adoption this year



# What You Can Do



Write your representative and senator- build a relationship and get them to support hydro



Become a part of our grassroots efforts by using the online advocacy tool



Join NHA Committees and stay tuned to the listservs



# Regulatory Affairs

# NHA Regulatory Work

## FERC

With ILP in implementation phase and passage of EAct 2005 license reforms, NHA has been focusing on new technology regulatory process.

- Preliminary Permit Policy for Hydrokinetics
- Hydrokinetic Pilot Project Licensing Process
- Conditioned License Policy
- FERC & MMS Resolution of MOU on OCS and MMS Regulatory Framework for OCS Development

Going Forward...

# NHA Regulatory Work

## New Environment for Development

NHA is pursuing several new initiatives to overcome barriers to development of hydropower projects, including development on federal lands, small hydro, and pumped storage.

- FERC MOU with Corps Renegotiation
- FERC MOU with Bureau of Reclamation
- Small Hydro Licensing Improvements
  - FERC Workshop on Small Hydro Scheduled for Dec. 2, 2009

# NHA Regulatory Work

## Other Regulatory Topic Areas

Trial-type hearings: Final agency regulations implementing the TTHs never completed. NHA members who have used the process have recommendations for changes. **NHA will encourage the agencies to adopt recommendations and issue final rules. (GAO study of process underway.)**

Compliance: As more members move from licensing into compliance, NHA's compliance group is holding additional conference calls for info sharing.

Annual Charges: NHA continues dialogue with FERC and monitoring of the OFA charges. Held meeting and conference call with FERC staff and NHA members on annual charges bills in August.

# NHA Regulatory Work

## Reservoir Emissions

### •Electric Power Sector Protocol

- The Climate Registry released final protocol on July 14
- NHA efforts led to removal of reporting requirements for reservoir emissions

### •Workshop in Canada

- TCR conference to discuss science behind reservoir emissions
- Members of NHA's reservoir emissions work group participated
- Held conference call to discuss the outcomes

### •EPA finalized GHG reporting system

- Monitoring begins January 1, 2010
- Does not cover reservoir emissions

# NHA Regulatory Work

## Hydraulic Power Committee Filings

- FERC Emergency Action Plans (EAPs)
  - Commission sought input on proposed changes and new methodologies under its Time Sensitive EAPs.
  - Effort by FERC to reduce alert times in the event of dam failure
  - Dam Safety Subcommittee filed comments on July 10

# Research and Development

## National Laboratories Awards

- \$11 million
- Competitive laboratory solicitation for the development of advanced waterpower technologies
- Awardees
  - National Renewable Energy Laboratory
  - Sandia National Laboratories (2)
  - Pacific Northwest National Laboratory
  - Argonne National Laboratory
  - Oak Ridge National Laboratory



# Research and Development

## Advanced Waterpower Awards

- 22 Awards totaling \$14.6 million
- Advance commercial viability, market acceptance, and environmental performance for conventional and new technologies
- NHA Members Selected
  - Electric Power Research Institute (3)
  - Hydro Research Foundation
  - Free Flow Power Corporation
  - Lockheed Martin Corporation (2)
  - PUD #1 of Snohomish County
- Other members are secondary partners of other awards

# Small Hydro

## Small Hydro Council

- Held its first meeting in August
- Brainstorming developmental barriers
- Continues to hold meetings
- Preparing to draft a document detailing barriers and solutions
- FERC Small Hydro Technical Conference December 2
  - NHA Executive Director Linda Church Ciocci Presenting

# Pumped Storage

## Pumped Storage Council

- Held first meeting at Waterpower XVI
- Pumped Storage Questionnaire distributed
- Another call will be scheduled for October or November

# Ocean, Tidal, and New Technologies

## Interagency Ocean Policy Taskforce

- Pres. Obama created taskforce in June
- Crafting overarching national ocean policy
- 5-stop listening tour
- Interim Report released
- NHA participated in task force meeting
- NHA's OTNTC drafting comments

# Outstanding Stewards of Americas Waters

- Improved Awards program this year
  - More accessible
  - Easier to apply to
  - Focus on industry-based recognition
- Up to 3 awards per category
  - Operational Excellence
  - Public Education
  - Recreational, Environmental & Historical Enhancement
- Packets can be found on the members side on [www.hydro.org](http://www.hydro.org)
- Entries due: December 1, 2009



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