National Hydropower Association

25 Massachusetts Avenue, NW
Suite 450
www.hydro.org

Tel 202-682-1700
Fax: 202-682-9478

May 5, 2009

Ms. Donna Williams
Contracting Officer
Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

RE: Solicitation Numbers: DE-FOA-0000058A and DE-FOA-0000036

Dear Ms. Williams:

The National Hydropower Association[1] (NHA) appreciates the opportunity to comment on the Notice of Intent (NOI) to issue a competitive Funding Opportunity Announcement (FOA) soliciting applications for the Smart Grid Investment Grant Program (SGIG). NHA also references the following comments for the FOA for Smart Grid Demonstrations.

While NHA will allow its member companies and project developers to respond to the specifics of the NOI, the Association would like to raise one important point – both the FOA for the SGIG and the Smart Grid Demonstrations should make clear that pumped storage technologies are eligible to apply.

Since its inception in the 1930s, pumped storage hydropower has provided significant benefits to our energy supply system including energy storage, load balancing, frequency control and reserve generation. Pumped storage is now being applied to firm the variability of renewable power sources, such as wind and solar generation. Pumped storage can absorb load at times of high output and low demand, while providing additional peak capacity.

With the advent of federal and state incentives for renewable energy, a tremendous amount of variable renewable projects across the country are being built. America's electrical energy infrastructure needs storage capacity now more than ever. Pumped storage hydropower is proving to be an enabling technology to accelerate the penetration of these resources into the United States energy supply system, while also enhancing grid reliability and stability.

[1] NHA is a non-profit national association dedicated exclusively to advancing the interests of the U.S. hydropower industry, including new ocean, tidal and instream hydrokinetic resources, as well as pumped storage technologies. NHA's membership consists of more than 160 organizations including public utilities, investor owned utilities, independent power producers, project developers, equipment manufacturers, environmental and engineering consultants and attorneys.

Secretary Chu has commented in several forums on the need to build more energy storage resources, and in particular pumped storage. NHA agrees and applauds the Secretary for his comments. NHA also believes the role of energy storage, and pumped storage, has not been adequately discussed in the larger debate on transmission and grid integration issues.

On the policy front, energy storage technologies do not receive the same economic incentives that have benefitted other energy resources. Expanding the current investment and production tax credits, the possible creation of an energy storage credit, coupled with policies that recognize pumped storage as a part of the transmission system for purposes of qualifying for the transmission rate incentives currently afforded to transmission system upgrades and expansions, would encourage investment in pumped storage.

Growth of pumped storage would displace the need for additional fossil-fuel based peaking generation, and provide the load management capacity necessary to meet our national renewable energy goals.

As such, for the purposes of the SGIG and Smart Grid Demonstrations FOAs, NHA believes it is critical for the Department to clearly reference pumped storage as an eligible technology. Doing so would send a strong signal that the Department recognizes the need to deploy additional pumped storage projects, and raise the visibility of the technology in the policy debate on needed grid infrastructure investment.

If you have any questions, please contact me or Jeff Leahey, NHA's Senior Manager of Government & Legal Affairs, at 202.682.1700 x15.

Sincerely,

Linda Church Ciocci
Executive Director

cc: Keith Carrington, NETL, DOE