



November 21, 2013

Kimberly Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, D.C. 20426

RE: National Hydropower Association's Comments on Achieving a Two-Year Licensing Process for Non-Powered Dams and Closed-Loop Pumped Storage Projects, Docket No. AD13-9-000

I. Background & Introduction

The *Hydropower Regulatory Efficiency Act of 2013* (HREA) was passed by Congress on August 1st and signed by the President on August 9th. Pursuant to Section 6 of HREA, and to “improve the regulatory process and reduce delays and costs for hydropower development,” Congress directed the Federal Energy Regulatory Commission (Commission) to hold a public workshop to “investigate the feasibility of the issuance of a license for hydropower development at nonpowered dams and closed loop pumped storage projects in a two-year period” including any prefilling licensing processes. The Commission held its workshop on October 22, 2013.

The National Hydropower Association¹ (NHA) is pleased to submit the following comments on achieving a consistent and reliable two-year licensing process for projects located at nonpowered dams (NPD) and for closed loop pumped storage (CLPS) projects. The following comments are also endorsed by the American Public Power Association,² the Edison Electric Institute,³ and the Northwest Hydroelectric Association.⁴

¹ NHA is a national non-profit association dedicated exclusively to advancing the interests of the U.S. hydropower industry, including conventional, pumped storage, and new marine and hydrokinetic technologies. NHA's membership consists of more than 180 organizations, including consumer-owned utilities, investor-owned utilities, independent power producers, project developers, equipment manufacturers, environmental and engineering consultants, and attorneys.

² APPA is the national service organization representing the interests of not-for-profit, state, municipal and other locally owned electric utilities throughout the United States. More than 2,000 public power systems provide over 15 percent of all kWh sales to ultimate customers, and do business in every state except Hawaii. APPA utility members' primary goal is providing customers in the communities they serve with reliable electric power and energy at the lowest reasonable cost, consistent with good environmental stewardship. Collectively, public power systems serve over 47 million people. APPA members rely on a diverse portfolio of generation resources, including hydropower, which serves as a source of low-cost, reliable and emissions-free power.

³ EEI is the association of U.S. investor-owned electric companies. Our members provide electricity for 220 million Americans, operate in all 50 states and the District of Columbia, and directly employ more than 500,000 workers. With more than \$85 billion in annual capital expenditures, the electric power industry also is responsible for millions of additional jobs. Reliable, affordable, and sustainable electricity powers the economy and enhances the

The HREA enjoyed overwhelming bi-partisan support throughout the legislative process and was approved unanimously by both chambers of Congress. As such, Congress and the President sent a strong and clear message that the licensing process for NPDs and CLPS projects can and should be expedited. Significantly, all panelists at the Commission's October 22nd workshop also agreed that a two-year process is feasible. NHA is committed to working with the Commission, state and federal resource agencies, land management agencies, and stakeholders on developing a two-year licensing process for these classes of projects in a socially, environmentally, and economically responsible manner.

II. Federal Initiatives Supporting a Two-Year Hydropower Process

The requirement that the Commission investigate an expedited hydropower licensing process is timely and complements several intersecting priorities and initiatives of the Obama Administration – ranging from an “all of the above” energy strategy, to the Climate Action Plan,⁵ and to Executive Orders and directives related to improving regulatory processes and permitting.⁶ Improving the hydropower regulatory and licensing process is consistent with these priorities and initiatives, and perhaps is the single most important step the federal government can take to harness private capital and create the opportunity for new, clean and renewable hydropower generation.

As described by Department of the Interior (DOI) Secretary Sally Jewell, “we are in the midst of an unprecedented government-wide focus on infrastructure permitting and development in the United States.”⁷ Examples are numerous throughout the federal government where the Administration and agencies are taking steps toward improving the permitting process for renewable energy development and

lives of all Americans. EEI members represent approximately 70% of the U.S. electric power industry. They generate electricity from a diverse portfolio of resources, including hydropower. EEI strongly supports measures to streamline and expedite the federal and state permitting processes for electric infrastructure, including hydropower resources. For this reason, EEI supported enactment of HREA, and EEI strongly supports the proposal for a two-year, expedited licensing process in this proceeding.

⁴ NWA is a non-profit association formed in 1981 to provide a regional voice for the hydropower industry. Its 112 member organizations from AK, BC, CA, ID, MT, OR and WA include the region's utilities, municipal and independent power producers and developers, equipment and service providers and consultants from the engineering, legal and other industry-related disciplines.

⁵ The President's Climate Action Plan, *available at*:

<http://www.whitehouse.gov/sites/default/files/image/president27climateactionplan.pdf> (June 2013).

⁶ See, Exec. Order No. 13563, 14 Fed. Reg. 3821 (January 18, 2011) *Improving Regulation and Regulatory Review*; Exec. Order 13610, 93 Fed. Reg. 28469 (May 14, 2012) *Identifying and Reducing Regulatory Burdens*; Exec. Order No. 13604, 60 Fed. Reg. 18887 (March 22, 2012) *Improving Performance of Federal Permitting and Review of Infrastructure Projects*.

⁷ Department of the Interior Order No. 3330 *Improving Mitigation Policies and Practices of the Department of the Interior* (Oct. 31, 2013) *available at*:

<http://www.doi.gov/news/loader.cfm?csModule=security/getfile&pageid=380602>.

infrastructure projects on federal lands, developing new methods of gathering large amounts of data, and better coordinating and integrating inter-agency and state reviews.

For example, a new DOI order was recently issued to ensure “consistency and efficiency in the review and permitting of infrastructure development projects...”⁸ Other examples include a 2009 Memorandum of Understanding (MOU) between DOI and California on Renewable Energy⁹ that established a “collaborative review process that enabled federal and state regulatory agencies to approach project proponents on a unified basis to identify serious environmental concerns early in the process;”¹⁰ the Solar Programmatic Environmental Impact Statement developed between the Bureau of Land Management, DOI, and the Department of Energy’s Energy Efficiency and Renewable Energy office;¹¹ the Desert Renewable Energy Conservation Plan entered into between BLM, the U.S. Fish and Wildlife Service, and the state of California;¹² and finally, a new MOU between the Commission and California’s State Water Resources Control Board concerning the coordination of pre-application activities for non-federal hydropower proposals in California.¹³

These initiatives are succeeding and demonstrate that expedited reviews can account for and manage potential impacts of renewable energy projects. They also reflect a strong desire and willingness among agencies with multiple responsibilities to find solutions and expedite permitting while protecting our environmental, cultural, and other resources. NHA encourages all participants in the two-year licensing initiative to utilize and leverage the experiences gained from these examples and apply them in the context of an expedited hydropower process. The Commission and its sister agencies have the opportunity to capitalize on this momentum and develop new partnerships and make improvements to each of their own internal processes in regards to hydropower licensing.

⁸ Id.

⁹ Memorandum of Understanding between the State of California and the Department of the Interior on Renewable Energy *available at:* http://www.energy.ca.gov/33by2020/mou/2009-10-12_DOI_CA_MOU.PDF.

¹⁰ Addressing the Environmental Impacts of Large Infrastructure Projects at the Department of Interior: Making Mitigation Matter, David J. Hayes, Deputy Secretary, U.S. Department of the Interior, *available at:* <http://www.doi.gov/news/pressreleases/loader.cfm?csModule=security/getfile&pageid=363982> (June 19, 2013)

¹¹ Solar Energy Development Programmatic EIS, *available at:* <http://solareis.anl.gov/>.

¹² Desert Renewable Energy Conservation Plan, *available at:* <http://www.drecp.org/>.

¹³ Memorandum of Understanding Between the Federal Energy Regulatory Commission and the California State Water Resources Control Board, *available at:* <http://www.ferc.gov/legal/mou/mou-caswb-11-2013.pdf>.

III. Criteria and Process Enhancements for Achieving a Consistent and Reliable Two-Year Process

In addition to requiring a workshop, Congress directed the Commission to “solicit public comments and recommendations on how to implement a two-year process” and “develop criteria for identifying projects... that may be appropriate” for an expedited process. While Congress determined that NPDs and CLPS projects are the classes of projects appropriate for a two-year process, it left it to the Commission, working cooperatively with state and federal agencies, developers and stakeholders, to develop the procedural pathways to achieve this goal.

NHA’s goal for the two-year process is to facilitate the development of these classes of projects in a responsible and efficient manner. NHA is not advocating an approach that precludes the Commission, federal and state agencies, Indian tribes, and interested members of the public from understanding environmental effects or fulfilling trust responsibilities and statutory mandates. NHA also believes it is appropriate for the two-year process to include off-ramps or other means to investigate, analyze and address unanticipated issues if they arise.

For the reasons discussed below, NHA believes that developing rigid project-specific criteria to determine the eligibility of an NPD or a CLPS project for a two-year process could unnecessarily limit deserving projects from expedited review and prevent new sources of clean and renewable energy from being developed. Indeed, criteria such as land ownership, agency assent, proposed installed capacity, and other project specifications or characteristics often have little correlation to project-related effects. For this reason, NHA recommends that the Commission consider each project’s eligibility on a case-by-case basis and make a determination of expedited review based on a single criterion: the sufficiency of existing information and whether any information gaps can be satisfied in a single study season. Following a positive determination by the Commission, certain process enhancements would follow enabling the issuance of a license in two years.

A. Project-Specific Criteria

NHA cautions that establishing rigid project-specific criteria for NPDs and CLPS projects that do not bear on project-related environmental effects could unnecessarily limit the very class of projects that Congress and the President deemed eligible and ripe for expedited review. Such an approach would undermine the intent of the HREA. In fact, participants at the Commission’s workshop initially suggested some candidate project-specific criteria; upon further discussion, however, those same participants recognized and

acknowledged that a license applicant, whether through its preliminary application document, study plan, or mitigation package, could alleviate the resource concerns posed by such criteria and proceed in an expedited manner. Thus, the determinative factor for qualifying for a more expedited licensing process should not be whether a proposed project meets one or more arbitrary characteristics or specifications, but rather, whether the factual record in the licensing proceeding can be developed within the first year of the pre-filing process to support the Commission's decision-making and development of appropriate protection, mitigation and enhancement measures.

This is why NPDs and CLPS projects are ideal candidates for a two-year licensing process. By their nature, these projects are unique with physical and operational designs distinct to their site, making the application of rigid and sweeping criteria for a threshold determination of eligibility problematic. For example, NPDs are located at existing infrastructure with a well-established operating regime. CLPS projects do not have ongoing, persistent influences on a waterway. For these projects, use of a blanket criterion such as current land status (e.g., private, state or federal land) has no inherent value in determining whether a proposed project could meet a two-year time frame. Similarly, a criterion based on installed capacity would not provide any indication of project-related effects or level of effort required to study such effects. In addition, limiting a CLPS project based on whether it will use reclaimed water, groundwater, or purchased water rights for its initial reservoir arbitrarily excludes projects without full consideration of the project's design or intended operations. Whether a NPD or CLPS project is appropriate for expedited review is better made based on existing scientific information provided by the applicant at the beginning of the process, rather than any strict criteria that might inadvertently eliminate a worthy project from expedited processing.

B. Reliance on Existing Information and a One-Year Study Program

For the reasons outlined above, NHA recommends a single criterion to determine whether a NPD or CLPS project is eligible for a two-year licensing process – a decision that is made by the Commission and relies on information provided by the applicant at the time of filing the Notice of Intent (NOI) and Preliminary Application Document (PAD) – instead of utilizing a checklist of project-specific qualifying or exclusionary criteria.

Under this approach, the project proponent would be required to prepare and file a robust PAD, which demonstrates that sufficient information already exists or can be developed in a single study season.

In addition, the PAD would include a detailed discussion of any proposed studies (including a schedule) proposed by the project proponent to fill any information gaps in the existing scientific literature.

The Commission's Scoping Document 1 (SD1) and public scoping meetings would give participants an opportunity to demonstrate, using the Commission's established study criteria,¹⁴ any additional information needs. Following SD1 and the public scoping meetings, the Commission would then determine whether sufficient information exists or can be developed in a single study season, thereby qualifying the project for the two-year expedited process.

Reliance on existing information (together with additional information that can be developed within a single study season) to satisfy the data needs of the various participants in the licensing process is the linchpin to this criterion. NHA believes that applicants with projects with a high probability of qualifying for expedited treatment will conclude that the time saved as a result of the two-year licensing treatment will justify making the necessary upfront commitment of resources to prepare and submit a robust PAD and detailed study plan.

To assist the Commission's determination related to expedited licensing and other participants' involvement in the scoping process, a robust PAD could include additional elements, such as:

- An explanation and analysis demonstrating the extent to which resource(s) will or will not be adversely affected or changed from existing conditions, supported by existing scientific information.
- A description of the proposed project's operations, anticipated affected resources, and anticipated studies required to address data gaps.
- A record of any early consultation with federal and state resource agencies, including, but not limited to, early information exchange, early identification of issues to be addressed, and agency response to any existing information that will be included in the PAD. Areas of agreement could be outlined as well as needs for additional information or unresolved issues.
- Applicants should be encouraged to include draft study plans with the PAD to allow for expedited review and approval of the project study efforts. At a minimum the study plan would: (1) identify any data gaps stemming from the existing information provided; and (2) demonstrate how any additional and necessary studies will be completed in a single study season.

¹⁴ 18 C.F.R. § 5.9(b).

C. Process Modifications

Following the Commission's determination of a project's eligibility, NHA recommends a number of process modifications be given consideration in designing an expedited licensing process for NPDs and CLPS applications. These process modifications, which are charted in Attachment A, can be described in a notice issued by the Commission, which sets forth its determination on the expedited process request and establishes the milestones and schedule for the remainder of the licensing process. These modifications include, but are not limited to:

- Early NEPA scoping, with FERC issuing a NEPA scoping notice concurrently with a notice of initiating an expedited licensing proceeding.
- Limiting NEPA scoping documentation to a single Scoping Document (SD1) that is issued in a timely manner prior to the applicant's initiating its studies and further investigations.
- Early study plan approval, potentially in conjunction with NEPA scoping if proposed study plans are submitted by the applicant with their NOI/PAD, or accelerated study plan approval if study plans are developed after NEPA scoping.
- Waiver of the draft license application requirement.
- Development of a single, final NEPA document, which in most instances should be a final Environmental Assessment (EA), possibly issued concurrently with the license order.
- Reducing the duration of review and comment periods, where possible.
- Critical application of the Integrated Licensing Process (ILP) study criteria.
- Development of standard licensing articles for NPDs and CLPS projects and making the articles easily available for applicants to use in describing the project, its operations and impacts, along with standard mitigation measures in the NOI/PAD.

As mentioned previously, NHA believes that off-ramps can be built into the two-year process for when there is a change in circumstances from those anticipated by the NOI/PAD filing. For example, such off-ramps could be triggered when:

- A project is redesigned or a significant modification is made to the project's intended operations.
- Information unknown at the time of the PAD filing and early NEPA scoping comes to light that could require new information development that could extend beyond a single year study program.
- The applicant and other parties agree on a need to adjust the two-year process.

Assuming the particular issue(s) that caused an off-ramp to be triggered is resolved, NHA recommends that the project be allowed to resume the two-year licensing process and be eligible for the other process enhancements.

Finally, NHA envisions the single criterion approach and process enhancements presented above to apply equally to both NPDs and CLPS projects. We do not see the need to develop two separate expedited processes, or envision the need to create a new licensing scheme. We believe our recommendations can be accomplished through changes to the existing policies and regulations of both the Commission and other partner agencies in the federal hydropower licensing process.

IV. Additional Recommendations

A. Commission Developed Best Practices

- The Commission provided examples in the October workshop of 26 projects on NPDs that were licensed between 1.2 to 5.2 years. This demonstrates that a substantially expedited process is feasible, and that some areas of the country are striving to reduce delay. For the projects that were licensed in two years or less, it would be worthwhile for the Commission to conduct additional analysis to identify and develop best practices and lessons learned and institutionalize them through guidance documents moving forward.
- NHA notes that the Commission's ILP Effectiveness Study¹⁵ highlighted areas where the Commission could focus its attention to improve the licensing process. One action identified as a result of the Study is for the Commission to "discuss ways to better coordinate licensing and Endangered Species Act (ESA) consultation with National Marine Fisheries Service and U.S. Fish and Wildlife Service." For some projects, ESA consultation is a major step in the licensing process and one that has, in certain circumstances, resulted in unnecessary delays. Completing this action item could be an opportunity for the Commission and the federal agencies to develop new procedures in the context of a two-year licensing process for NPDs and CLPS projects and would complement the above mentioned Administration and agency initiatives.

¹⁵ Available at: <http://www.ferc.gov/industries/hydropower/gen-info/licensing/ilp/eff-eva.asp>.

B. Utilizing Memoranda of Understanding

NHA recognizes that under current law many agencies besides the Commission exercise independent authorities under various statutes as part of the federal hydropower licensing process. A successful two-year process will require full federal and state agency participation and possible revisions to existing MOUs, or in some cases, the development of new MOUs targeting the expedited licensing of NPDs and CLPS projects.

Specifically, leveraging MOUs in relation to the pilot projects could help test the recommendations outlined above, reach agreement on revised timelines, early communication, and expedited decision-making to which all participants are held accountable. The lessons learned in the pilot projects will be crucial as we implement a consistent two-year licensing process.

V. Conclusion

A two-year licensing process for NPDs and CLPS projects is feasible, but it requires process modifications that will remove unnecessary redundancies, expedite timeliness and schedules for completion of reviews and filings, and ensure a logical scope and nexus exists and is understood related to the project's potential range of impacts and the issues included for review. NHA believes the approach outlined in these comments meets those requirements, satisfies Congress' intent, and is better suited to allowing NPD and CLPS project proponents to initiate the two-year licensing process.

The development of these classes of projects will help to meet the Administration's goal of more renewables faster, and will also provide the critical benefits and ancillary services required to ensure grid reliability and support the increasing generation from intermittent renewable energy resources.

Respectfully submitted,



Linda Church Ciocci
Executive Director
National Hydropower Association

Attachment A

ID	Task Mode	Task Name	Duration	Start	2014				2015				2016			
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	
1		Pre-NOI/PAD Activity by Applicant	180 days	Sat 2/1/14												
2		Applicant files NOI/PAD with Request for Expedited Processing (and potentially proposed study plans)	1 day	Fri 10/10/14												
3		FERC review of NOI/PAD and prepares Scoping Document (SD) 1	21 days	Mon 10/13/14												
4		FERC Issues Notice of Initiation of Proceeding, Scoping Document 1	1 day	Tue 11/11/14												
5		Scoping Comment Period, including Scoping Meeting	30 days	Wed 11/12/14												
6		FERC confirms eligibility and schedule for expedited processing	15 days	Wed 12/24/14												
7		FERC approves Proposed Study Plan (if filed with NOI)	15 days	Wed 12/24/14												
8		Applicant Conducts and Reports on Required Studies	263 days	Wed 1/14/15												
9		Applicant Prepares and Files License Application/APEA	75 days	Mon 1/18/16												
10		FERC Prepares NEPA Document and License Order	75 days	Mon 5/2/16												
11		FERC Issues Licensing Decision	30 days	Mon 8/15/16												

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Project: Two Year Licensing Proce Date: Wed 11/6/13	Task		External Milestone		Manual Summary Rollup	
	Split		Inactive Task		Manual Summary	
	Milestone		Inactive Milestone		Start-only	
	Summary		Inactive Summary		Finish-only	
	Project Summary		Manual Task		Deadline	
	External Tasks		Duration-only		Progress	