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January 29, 2010

Janice Adair
Complementary Policies Committee
Western Climate Initiative

Re: National Hydropower Association Comments on the Final Draft Complementary Policies White Paper Issued November 7, 2009

The National Hydropower Association (NHA) appreciates this opportunity to comment on the Western Climate Initiative's (WCI) draft Complementary Policies white paper issued November 7, 2009. The Complementary Policies Committee is tasked with recommending public policies to WCI Partner jurisdictions that can "address market barriers that would otherwise limit the use of low-cost GHG emission reduction options" and lower the overall cost of reducing GHG emissions. NHA believes the Complimentary Policies Committee is missing an important opportunity to reduce greenhouse gases (GHGs), boost clean energy jobs, and capture collateral benefits (such as firming variable renewable resources) by failing to recommend a broad array of hydropower policies for further evaluation.

NHA is a non-profit national association dedicated exclusively to securing hydropower's place as a clean, renewable and reliable energy source that serves our Nation's environmental and energy policy objectives. Its membership consists of more than 170 organizations, including consumer-owned utilities, investor-owned utilities, independent power producers, equipment manufacturers, and professional organizations that provide legal, environmental and engineering services to the hydropower industry. NHA members represent over 60 percent of domestic, non-federal hydropower generation, including conventional hydropower and new technologies such as ocean, tidal and instream hydrokinetic power.

Hydropower generation should be thoroughly examined by WCI Partner jurisdictions based on the goal and evaluation criteria set forth by the Committee. However, the whitepaper does not examine hydropower potential as an emission reduction option beyond a passing reference to micro-hydro under section 2.1.1 relating to *Small-Scale Renewable Energy Resources*. This oversight may be due to a misperception that hydropower is a mature technology with little ability to grow generating capacity. In fact, hydropower has tremendous growth potential. New technologies are emerging, and significant generating capacity can be added in an environmentally sensitive manner.

Last year, NHA commissioned a study of national hydropower potential by Navigant Consulting, Inc. The results were released in October, 2009.¹ The study found that with the right mix of public policy initiatives, the U.S. hydropower industry can add 60,000 new megawatts of renewable capacity to the nation's electric grid through efficiency upgrades, installation of hydroelectric facilities at non-hydro dams, small hydro development, new technology deployment, and pumped storage projects. The study also determined that this growth could bring with it 700,000 new, family-supporting clean energy jobs.²

In addition, recently the U.S. Department of Energy Secretary, Dr. Steven Chu, acknowledged hydropower's potential to create jobs and help solve U.S. energy challenges. In June, 2009, he stated that "investing in our existing hydropower infrastructure will strengthen our economy, reduce pollution and help us toward energy independence."³ The Secretary also noted another key benefit of hydropower: its ability to store energy behind dams and generate energy when most needed, thereby increasing the utilization and economic viability of variable renewable resources such as wind and solar power.

NHA is pleased that leaders like Secretary Chu recognize the vital role that hydropower can play in addressing these issues. State and regional leaders in the western U.S., where hydropower generation is most abundant, are especially poised to help hydropower reach its full potential. Current hydropower capacity alone helps avoid 225 million metric tons of carbon dioxide emissions annually⁴. If states adopted public policies that provided incentives or reduced barriers for technologies like pumped storage, hydropower would be well-situated to meet new electric demand while displacing fossil fuels and limiting the need for thermal generation to "back up" wind and solar power.

NHA is already calling on Congressional leaders to adopt policies that support hydropower development, such as a national RES that recognizes hydropower; long-term tax and other incentives that spur investment in hydropower smarter licensing for pumped storage and small hydro; and federal research and development funding for advancing hydropower technologies. WCI Partner jurisdictions should examine similar policies at the state level. Hydropower should be recognized in a manner that responsibly spurs growth in this renewable sector and capitalizes on emission reduction benefits. States should also examine their laws and regulations to improve alignment with federal regulations and streamline permitting processes. While funding is tight in many jurisdictions, financing options for projects that provide collateral benefits (for example, water storage or wind and solar integration into the electric grid) could be a very effective use of public resources.

According to section 1.2 of the white paper, *Evaluation Criteria*, the Committee will recommend policies to the WCI Partner jurisdictions based on a set of specific criteria. These include an ability to reduce GHG emissions; opportunities to achieve collateral benefits; and potential to create or retain clean energy jobs. NHA believes hydropower generation meets these and other

¹ Job Creation Opportunities in Hydropower, September 20, 2009 at http://www.hydro.org/Jobs_Study09.php.

² Today, the U.S. hydropower industry has about 100,000 megawatts of installed capacity and employees approximately 300,000 people.

³ U.S. Department of Energy press release, June 30, 2009.

⁴ EIA 2006 generation and EPA GHG equivalencies measurements.

criteria suggested by the Committee. Therefore, NHA urges the Committee to add effective hydropower policies to its list of items for further evaluation under Tier 1 policies for Energy Production.

As national and regional climate change and energy policy develops, the benefits of hydropower can be leveraged to more cost-effectively achieve a clean, renewable and independent energy future. Even as hydropower receives new recognition at the federal level, NHA believes it is more important than ever for western states to build on their historic investment in hydropower generation. Should the Committee need assistance identifying and prioritizing specific policies or determining the benefits or harmonizing such policies throughout the WCI, NHA would be pleased to offer its assistance.

Please do not hesitate to contact NHA with questions. In addition, NHA has many members in the WCI region. If appropriate, NHA would be willing to organize a meeting among our members and the Complementary Policies Committee or interested WCI Partner jurisdictions to further discuss these issues.

Sincerely,

A handwritten signature in cursive script that reads "Linda Church Ciocci". The signature is written in black ink on a light-colored background.

Linda Church Ciocci, Executive Director
National Hydropower Association

A handwritten signature in cursive script that reads "Andrew J. Munro". The signature is written in black ink on a light-colored background.

Andrew Munro, President
National Hydropower Association