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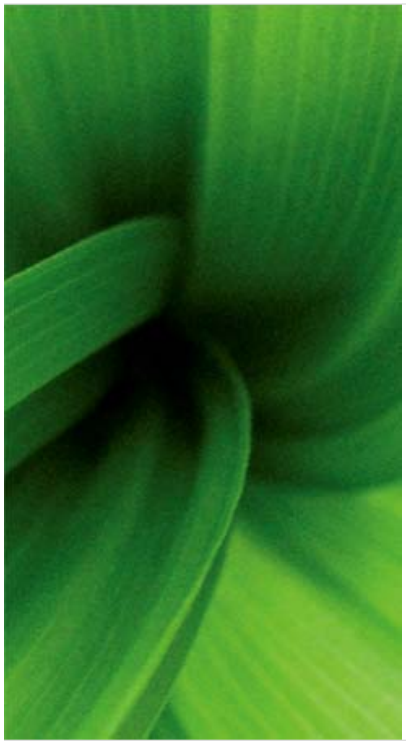


Renewable Portfolio Standards

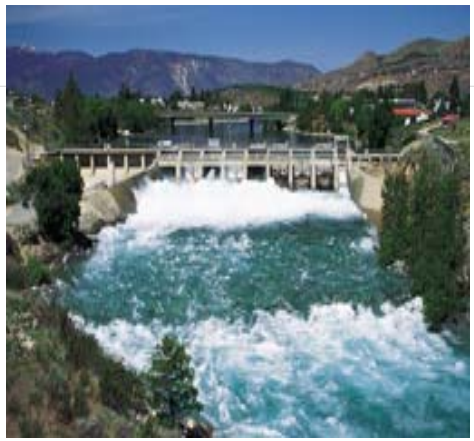
Implications for Hydroelectric Development

Marlys Palumbo, Van Ness Feldman PC

NHA/NWHA

Northwest Regional Meeting

October 4, 2011



Northwest RPS - Hydroelectric

- AK – No RPS. Goals – 50% RE by 2025, includes hydroelectric, hydrokinetic, tidal; 15% energy efficiency, conservation by 2020
- ID – No RPS. Property tax incentive available to wind, geothermal
- MT – 15% by 2015; "eligible renewable resource" includes hydroelectric = generation facility in operation after 1/1/05; hydro <10MW and no new diversion or impoundment
- OR – 25% by 2025; "qualifying electricity"- Generation after January 1, 1995; efficiency, capacity upgrades eligible for pre-January 1, 1995 generation
  - 50MW utility-owned, pre-1995, low impact hydro eligible only
  - 40MW non-utility owned, pre-1995, low impact hydro eligible only
- WA – 15% by 2020; "eligible" hydroelectric energy limited to
  - Incremental energy from efficiency improvements after March 31, 1999 made to projects owned by utilities subject to RPS in the PNW, or to irrigation pipes, canals in PNW
  - No new fresh water diversion/impoundment

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State Renewable Portfolio Standards: Good News/Not-so-Good News

- The Good News
  - Can drive known quantity of new renewable development
  - Can spur economic development in rural areas
  - Can ensure buyers for new renewable development
- The Not-so-Good News
  - Can adversely affect supply and demand conditions (supply outweighing any RPS-driven demand)
  - Can restrict eligibility of or displace existing in-state or regional resources
  - Can stimulate renewable energy not needed by utility (intermittent energy, but peaking power needed)
  - Can favor resource that is NOT the “integrated, least-cost option”

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Implications for RPS and Hydroelectric Development – Problems and Fixes

- Renewable Generation Surplus – wind generation expansion, "wind ghetto" effect

- Equity Issues – impacts on energy conservation targets, questionable investment costs and rate increases; planning based upon future subsidies; land availability, environmental impacts

- Hydroelectric development suffers implicit bias in policy against conventional hydro; RPS hydro only (limited capacity, no new diversion); "micro", "small" hydro defined by capacity and not ecological impacts, contribution to generation needs

- Putative fixes may be speculative or expensive – e.g., geographical diversification, increase load and/or transmission/export capability, increase storage capacity

- Maintain RPS targets for energy efficiency, decrease subsidies that encourage "excess" intermittent energy growth ahead of load growth, avoid displacement of existing resources

- Better define RPS hydro development goals, change emphasis from "low capacity" to "low impact" projects; add generating capacity at existing dams; e.g., 250 existing WA dams = potential 2,500MW development*

**2007 WA State Resource Assessment Report*

VanNess Feldman

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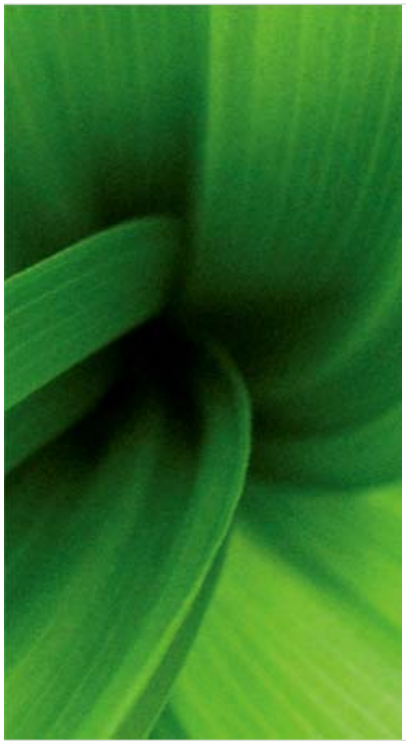

THANK YOU

For more information

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