

Answers to the Questions raised on NHA's Small Hydro Council call on August 12:

1. New section 247 in the infrastructure bill: What type of investments will qualify as “resilient”?
  - a. At this point, it is undefined and not likely to be defined any further in legislation. It’s possible if the bill becomes law that we’ll need to work with the IRS on a definition. For now, think of it as investments that directly enable your facility to provide reliability services like peak capacity, voltage support, regulation, spinning and non-spinning reserves, storage, inertia, and black start.
2. For the new 242 funds,
  - a. Is the rate still going to be 1.8 cents per kwh?
    - i. The statute says 1.8 cents per kwh in 2005, but to adjust for inflation thereafter. Last year the maximum was 2.3 cents per kwh, but recipients received less because there were more eligible kwh’s than could be funded at 2.3 cents based on the total \$7 million in appropriations. Therefore, DOE gave everyone equally 1.6 cents/kwh.
    - ii. Since the \$125 million in the Senate bill is available until expended, you can expect the fund to pay out 2.3 cents/kwh at least at first. We are in the process of estimating how long the \$125 million fund will last based on eligible kwh’s from existing projects and expected new developments. Once we reach a year where there is more kwh’s than can be paid at 2.3 cents based on the remaining funds, DOE will reduce the rate again. However, NHA will continue to push for more 242 funding beyond this infrastructure bill, in order to avoid lower rates or depletion of the fund.
  - b. What are the in-service dates for projects eligible for these funds?
    - i. The bill text says: “\$125,000,000 for fiscal year 2022” and projects are only eligible for 10 years from their in-service date. Any project that began generating prior to October 1, 2012 is not eligible. A project that began generating October 1, 2012, would receive 2.3 cents per kwh for their 2021 generation. A project that began generating on October 1, 2013, would receive 2.3 cents per kwh for 2021 and 2022 generation. And so on until the funds run out. A new project which began generating in 2022 would receive funds for 10 years, or until the fund runs out.
  - c. What generation years would be eligible?
    - i. The bill text says: “\$125,000,000 for fiscal year 2022”. Since 242 appropriations pay for previous year generation, the FY2022 funding would most likely pay for FY2021 generation onward. The fund is available until expended, so we trying to calculate how long it will be available based on eligible existing projects and expected new developments.
3. Did the infrastructure package extend the “begin construction” date for the investment tax credit beyond the end of this year?
  - a. The bipartisan infrastructure package which passed the Senate last Tuesday did not extend the ITC. The democrat infrastructure package being considered will most likely extend the ITC.
4. What are other sources of revenue for providing blackstart?
  - a. The Regional Transmission Organization/Independent System Operator pays for Blackstart capability. For Kansas, that would be Southwest Power Pool