



Modernizing the Hydropower Relicensing Process

Hydropower is Critical Resource

California has reshaped its electricity portfolio as it pursues aggressive carbon reduction and renewable energy targets. Paramount to this effort is the continued availability of hydropower, which represents more than 15% of California's installed generating capacity. As well, hydropower's unique attributes are vital in ensuring a reliable, resilient, cost-effective, and environmentally benign energy portfolio:

- Hydropower's operational flexibility is critical to system reliability. Output from the state's hydropower resources can quickly be adjusted to provide voltage support, synchronization, storage, and fast-start response to keep the power system in balance;
- Hydropower projects are easily dispatchable. This operational flexibility plays an essential role in integrating a growing fleet of intermittent renewable resources that the California Independent System Operator estimates will exceed 20,000 MW statewide as early as 2024;
- As a carbon-free resource, hydropower reduces greenhouse gas emissions in California. Based on data from the California Energy Commission, hydropower generation is responsible for avoiding more than six million metric tons of carbon dioxide per year.

Licensing Process is Costly and Duplicative

Under the Federal Power Act, the Federal Energy Regulatory Commission (FERC) has the exclusive authority to issue licenses to nonfederal hydropower projects located on navigable waterways. However, FERC is not the only agency reviewing license applications:

- Federal fisheries and land management agencies can impose mandatory conditions on licenses as well as participate in the FERC licensing process;
- The Corps of Engineers must issue permits under Section 404 of the federal Clean Water Act for the discharge of dredged material into waterways and wetlands, and Section 408 permits are needed if existing Corps dams are modified;
- State water quality agencies must issue Clean Water Act Section 401 permits to ensure protection of water quality; and,
- Numerous federal and state resource agencies, as well as other stakeholders, also intervene in the process.

The way this review is implemented today results in a complex, multi-layered, and sequential review that often leads to unnecessary delays, unwarranted and duplicative studies, and a disjointed process. The current process increases consumer costs and does not adequately account for or reflect the key role hydropower plays in maintaining system reliability and achieving vitally important clean energy goals.

Need for a Streamlined Application Process

Specific problems that need to be addressed include:

- ***Uncoordinated and Time-Consuming Processes:*** Too often, one agency will complete an environmental review of a hydroelectric project only to have another agency start a duplicative review. Conducting studies sequentially rather than simultaneously leads to unnecessary delay and redundancy.
- ***Rudderless Process:*** There is no single agency in charge to drive the process and schedule. The result: licensing a project can take a decade or longer—five times longer than permitting a natural gas or wind project.
- ***Disincentive to Improve Projects:*** A license amendment is required for most project modifications. Rather than being focused narrowly on the proposed modification and its impact, the license amendment process opens the door to review of all aspects of project operations. As well, improvements made during the term of the license become the new “baseline,” encouraging licensees to defer improvements until the license renewal is complete.

Reforms to Improve the Process

NCPA supports efforts to modernize the regulatory review for hydropower projects to:

- **Streamline the licensing process by designating FERC as the lead agency, establishing project-specific timelines, and eliminating duplicative studies;**
- **Facilitate reasonable license amendments that improve project operations without significant environmental impacts;**
- **Provide direct funding for environmental studies conducted by agencies as part of this process, and;**
- **Retain full review of environmental measures, as well as dam safety features needed to avert situations similar to the spillway erosion at Oroville Dam.**

The outdated hydropower licensing process threatens the economic survival of this critical renewable and carbon-free resource that, with appropriate modernization of the licensing process, can continue to play a central role in our clean energy future.

NCPA applauds the House for adopting the “Hydropower Licensing Modernization Act” and commends Chair Murkowski and Ranking Member Cantwell for including essential hydropower reforms in their comprehensive energy bill pending on the Senate floor.

NCPA encourages Congress to move expeditiously on these important reforms that have strong bipartisan support.