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NHA's Messages to the 115th Congress

Value Hydropower and its Role in Addressing U.S. Energy, Economic, Environmental and Grid Security Goals

Congress is urged to act on the following **Policy Recommendations**:

- 1. Provide for a more efficient regulatory process for hydropower licensing, both new and existing projects.** NHA seeks meaningful improvements to the licensing and regulation of hydropower projects, modernizing the process while preserving environmental standards. Improvements should provide accountability, transparency, increase cost-effectiveness, and better the coordination between federal and state agencies involved in the regulation of hydropower projects to reduce cost and delays.
- 2. Provide tax policies that incentivize the growth of hydropower, pumped storage and marine energy resources.** Predictable tax treatments provide a market signal, which in turn leverages private investment, stimulates job creation, and creates local economic benefits. Currently, the production and investment tax incentives for hydropower and marine energy are expired, while other electricity resources – notably wind and solar – are enjoying long-term extensions. This disparity puts hydropower development at a significant competitive disadvantage, particularly in the eyes of investors who are seeking clarity and certainty. Additionally, no tax credit exists for new energy storage, including new pumped storage projects.
- 3. Support technology advancement and development through continued robust appropriations support (\$105 million in FY 2019) for the DOE Water Power Technologies Office (WPTO).** The WPTO assists innovative new technologies to come to market as well as to conduct the basic research needed to fill the gaps of the privately-funded industry R&D programs. The WPTO supports initiatives across all waterpower resources – hydropower, pumped storage and marine energy. NHA supports a FY 2019 funding level of \$105 million.
- 4. Support the inclusion of hydropower, pumped storage and marine energy resources as part of any programs developed under a new national infrastructure policy.** There is tremendous untapped potential to add new hydropower projects and project upgrades to the U.S. system, particularly on existing infrastructure, and create thousands of new jobs in the process. Investing in this infrastructure is a proven job creator. Analysis by the DOE has shown that operations, construction and upgrades at conventional hydropower plants alone supported 143,000 American jobs.

Near-term growth opportunities include efficiency improvements and additions of capacity at existing hydropower facilities, as well as adding hydropower generation to existing non-powered dams. Of the nearly 80,000 dams in the U.S. only 3 percent include hydropower facilities. By building on non-powered dams, we can increase the public benefit of this infrastructure through additional electricity generation and more local economic development opportunities.

In addition, almost half of the U.S. hydropower generation comes from the federal system, such as the U.S. Corps of Engineers and Bureau of Reclamation. There remain many opportunities to reinvest in the federal fleet to increase capacity and improve performance with billions of dollars of backlogged O&M projects on the power generation side.

5. Ensure hydropower, pumped storage and marine energy are properly recognized, valued and compensated in market policies and in any other federal programs, including procurement.

Hydropower and pumped storage projects provide both power generation and other grid reliability and resiliency benefits that are not valued (or are undervalued) in a host of market and other policies. Coupled with the disparities under the tax code, asset owners and developers alike are placed at a sizeable disadvantage in the marketplace. These inequities need to be addressed if we are to see a true resurgence in the sector.

Expanded efforts to capture our nation's rich domestic waterpower resources through hydropower, pumped storage, conduit and marine energy technologies could drive billions of dollars of investment and stimulate tremendous job creation opportunities. Federal policy support underpins future private investments in the construction, manufacturing, engineering, and environmental science sectors and strengthens the businesses that make up the U.S. industrial supply chain.

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