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NHA's Messages to the 116th 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**:

- **Provide for a more efficient regulatory process for hydropower licensing, both new and existing projects.** While some advancements were adopted in the 115th Congress through the America's Water Infrastructure Act (AWIA), NHA continues to seek meaningful improvements to the overall licensing and regulation of hydropower projects, particularly the relicensing of the existing system. Modernizing the process can coexist with 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.

With over 300 projects coming up for relicensing by FY 2032, these improvements are needed now more than ever, or we risk the surrender and decommissioning of these clean energy projects, particularly smaller projects.

- **Support the inclusion of hydropower, pumped storage and marine energy resources as part of 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 and adding hydropower generation to existing non-powered dams. Of the nearly 80,000 dams in the U.S. only 3 percent include generating 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.

- **Support policies that incentivize the electrification of the transportation system.** NHA believes that policy changes will be needed at both the federal and state level – legislative, regulatory and market – to fully realize the goal to electrify the transportation system and reduce emissions. This includes a review, and potential amendment of, existing energy policies and their recognition, valuation and treatment of hydropower, pumped storage and marine energy resources.

As the largest provider of renewable electricity and energy storage combined in the United States, along with its growth potential, the hydropower industry will be key to achieving this objective and NHA urges policymakers to be cognizant of the implications for the industry as policies are designed and implemented.

- **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. This 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.
- **Fund technology advancement and development through continued robust appropriations support (\$135 million in FY 2020) 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, marine energy and conduits. NHA supports a FY 2020 funding level of \$135 million.
- **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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601 New Jersey Avenue, N.W. • Suite 660 • Washington, D.C., 20001 • 202.682.1700 • www.hydro.org

