



**Federal Energy Regulatory Commission
December 20, 2007
Open Commission Meeting
Statement of
Chairman Joseph T. Kelliher**

Item H-1, AquaEnergy Group Ltd. (Docket No. P-12751-000)

"Today, the Commission issues a license for the Makah Bay Offshore Wave Energy Project. This action is a landmark – it represents the issuance of the first hydrokinetic license, and a major step by the Commission in promoting development of innovative hydroelectric projects which use the forces of currents, waves, and tides to generate clean, renewable, domestic energy. The license, as conditioned by the Commission, will provide Finavera the opportunity to test and demonstrate the economic and environmental benefits of an operating wave energy conversion power plant with minimal environmental impact.

This license also demonstrates the Commission's commitment to reducing the regulatory barriers to the successful development of hydrokinetic projects in two important ways. First, this license possesses many of the characteristics of a hydrokinetic pilot license discussed in Commission staff's recently-announced, "Proposed Licensing Process for Hydrokinetic Pilot Projects," including measures for monitoring the effects of the project on marine and ocean resources, a license term of five years, and a requirement to remove the project by the end of the license term. Because the pre-filing process for the project had already taken place and the license application had already been filed by the time that staff proposed the pilot licensing process, the Makah Bay Project was not processed under the expedited six-month schedule envisioned for pilot projects, but rather issued in just over one year from filing of the application.

Second, the Makah Bay Project would be the first hydrokinetic project to receive a conditioned license from the Commission. Under the terms of the conditioned license, Finavera may not begin project construction until it has obtained all other authorizations required under federal law. However, Finavera may move forward with those portions of the license that do not require construction, such as environmental plans. The result is that the conditioned license gives Finavera the ability to move quickly with on-site construction and installation once the pending authorizations are filed with the Commission. At the same time, the conditioned license does not diminish the authorities of state and federal agencies acting under federal law.

The Policy Statement on Conditioned Licenses for Hydrokinetic Projects described how our new approach will shorten the regulatory process and speed development of hydrokinetic projects. At the same time, our new approach will in no way diminish the authority of states or other federal agencies. Under a conditioned license, construction of a hydrokinetic project cannot start without necessary state and federal authorizations. For that reason, state and federal agencies fully retain their authority to act under relevant federal law."