

FERC Commissioners Comment on Hydro



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The Federal Energy Regulatory Commission regulates more than 1,600 hydroelectric projects at about 2,500 dams pursuant to Part I of the Federal Power Act (FPA). Since 2000, the commission has issued more than 220 new licenses (relicenses). Together, these projects represent 57,000 MW of hydroelectric capacity and over 5 percent of all electric generating capacity in the U.S. I believe that hydropower is an essential part of the U.S.'s energy mix, is essential to the reliability of the electric grid, and supports competitive electric markets by providing low-cost energy reserves and ancillary services.

Just like any other seller of power that the commission regulates, licensees must comply with the FPA, the commission's orders, and regulations. Section 31 of the FPA authorizes the commission to monitor and to investigate such compliance and to assess civil penalties for violations. A few months after beginning my tenure at the commission,

we issued an order approving a settlement agreement with AmerenUE. Under the settlement, AmerenUE paid a total of \$15 million arising from violations at its Taum Sauk Hydroelectric Project and agreed to implement a program to improve the safety and compliance plans at all of its hydroelectric facilities.

The Taum Sauk episode demonstrates the commission's ongoing efforts to investigate and remedy dam safety and license compliance matters. Our focus, however, should be on compliance, not after-the-fact penalties. Indeed, the commission has established a number of programs designed to prevent another Taum Sauk-like situation.

For example, the commission's Office of Energy Projects has initiated a program where it meets with licensees soon after license issuance to reach an understanding of the requirements under each license condition. I find this particularly useful because the commission can best facilitate compliance where there is clarity as to the requirements of a license condition. I encourage licensees to establish a robust compliance tracking system for their projects and to communicate with, and to seek advice from, our hydropower compliance group on post-licensing matters. Similarly, the commission's dam safety group has developed a number of programs through a collabora-

tive effort with licensees, engineering consultants, professional associations, and other interested stakeholders that are designed to develop meaningful dialogue, to provide a better understanding of the safety requirements of the dams and structures, to identify risk profiles, and to develop solutions. I encourage licensees to take advantage of these programs.

The commission also recently issued its Policy Statement on Hydropower Licensing Settlements to provide all hydropower stakeholders with notice of certain principles regarding settlements. The Policy Statement is designed to facilitate settlements that include proposed license conditions that are clear, enforceable, and supported by substantial evidence. The Policy Statement also requires settling parties to demonstrate that there is a nexus between a proposed license condition and the project effects and purposes.

I believe that the Policy Statement clarifies commission policy and facilitates communication between hydroelectric stakeholders and the commission. In sum, we at the commission are committed to identifying opportunities to work with stakeholders to improve the regulatory mission of facilitating effective compliance. Such actions will ensure hydroelectric power remains an essential part of our nation's energy supply. ■