



Federal Energy Regulatory Commission

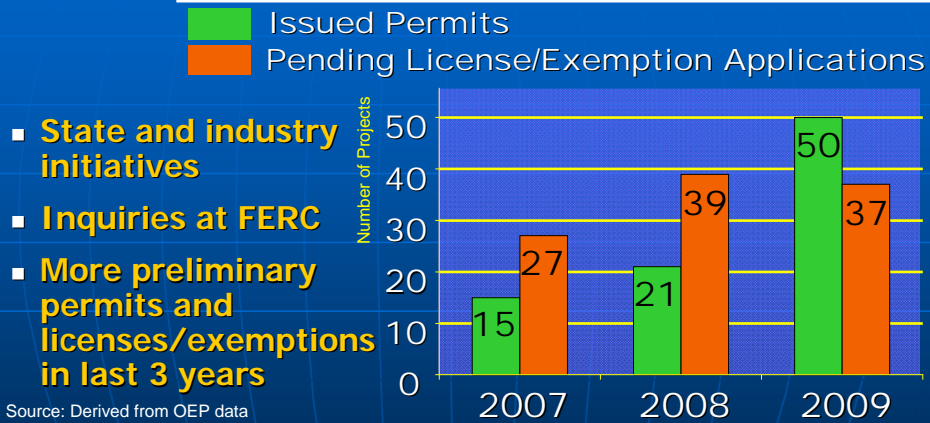
Small Hydropower Development in the United States

Item: A-5
April 15, 2010

Good morning Mr. Chairman and Commissioners.

I'm here to give you a progress report on the status of the Commission's small hydropower initiative.

Increased Interest in Small Hydro



- State and industry initiatives
- Inquiries at FERC
- More preliminary permits and licenses/exemptions in last 3 years

As we said at our December 2, 2009, small hydropower technical conference, we have had an increased interest in small hydropower in recent years. We've received over 150 phone calls and email inquiries to our small hydro hotline and email address last year – almost double what we had the previous year. We've also issued more preliminary permits and have seen an increasing trend of more license and exemption applications being filed with the Commission. We believe that some of this increased interest has been generated by state renewable portfolio standards, renewable energy incentives, and an interest in promoting distributed generation.

Technical Conference

Panel 1: FERC Pre-Filing Process

Hydro Green Energy, U.S. Fish and Wildlife Service,
National Hydropower Association, American Rivers,
Oregon Department of Fish and Wildlife

Panel 2: FERC Post-Filing Process

Symbiotics, U.S. Forest Service, Colorado
Governor's Energy Office, New York Department of
Environmental Conservation

At our December technical conference, we had two panels, each with representatives from the hydropower industry and the environmental community, that discussed issues related to the prefiling and postfiling licensing process for small hydropower projects. Specifically, the panelists discussed the Commission's program for granting licenses and exemptions for small, conventional projects, and answered questions from the Commissioners.

Written Comments

- **Over 40 comment letters**
- **Comments from industry; federal, state, and local agencies; private citizens; and Non-governmental organizations**

In addition to insights we received from the panelists and attendees at our December conference, we also solicited written comments and received over 40 comment letters from industry representatives; federal, state, and local agencies; private citizens; and Non-governmental organizations.

What We Heard

While some commenters said no changes are needed, others recommended . . .

- **Eliminating FERC jurisdiction over certain types of small projects** (statutory)
- **Expanding the definition of conduit exemptions to include projects on federal lands** (statutory)
- **Expanding the definition of 5-MW exemptions to include projects at federal dams** (regulatory)
- **Creating an automatic approval process or a new process** (regulatory)

While some commenters said the FERC licensing process is appropriate and should not be changed, others said that changes are necessary because the licensing process is costly and lengthy relative to the size of small projects. These commenters recommended a wide range of changes including statutory, regulatory, and administrative changes to address these concerns including: (1) eliminating FERC jurisdiction over certain types of small hydro projects (a statutory change); (2) expanding the definition of conduit exemptions to include projects on federal lands (a statutory change) and expanding the definition of 5-MW exemptions to include projects at federal dams (a regulatory change); and (3) creating an automatic approval process for projects that meet certain criteria or creating an entirely new process for licensing small hydro projects (both regulatory changes).

What We Heard (cont.)

- **Extending the maximum term for preliminary permits** (statutory)
- **Allowing applicants to use any of FERC's licensing processes without seeking FERC approval** (regulatory)

Other commenters were concerned that license applicants using the Integrated Licensing Process or ILP do not have enough time to complete the pre-filing steps of the ILP within the three-year timeframe of a preliminary permit. These commenters recommended: (4) extending the maximum term for preliminary permits held by license applicants (another statutory change) to give applicants more time to complete the pre-filing steps of the ILP; or (5) eliminating the ILP as the default licensing process and allowing applicants to use any of FERC's licensing processes without seeking prior Commission approval (a regulatory change). These changes were recommended as a way to give applicants more flexibility to complete required pre-filing steps before their preliminary permits expires.

What We Heard (cont.)

- **Adding tools to the FERC website and revising FERC's guidance documents** (administrative)
- **Holding workshops to educate developers on the licensing process** (administrative)

Finally, we heard many commenters recommend: (6) adding tools to the FERC website and revising FERC's guidance documents to make it easier for applicants to understand and complete the licensing process (an administrative change); and (7) holding regional and/or state-by-state workshops to educate small hydro developers on the licensing process (an administrative change). Commenters recommended we take these actions because many potential small hydro developers do not have the resources and the FERC experience necessary to understand and complete the licensing process.

FERC Action Plan

- **Adding new web-based resources to www.ferc.gov**
- **Updating MOUs with other agencies to improve coordination**
- **Continuing our small hydro hotline and email address to answer applicant questions**
- **Educating potential small hydro developers via a new education and outreach program**

FERC staff has considered the range of comments and recommends the following actions. Any recommended statutory changes would have to be addressed by Congress. For recommendations under FERC's purview, our existing regulations provide the flexibility to grant waivers, shorten comment periods, and make other changes when appropriate to expedite the licensing process; therefore, our Action Plan includes the following administrative changes: (1) adding new web-based resources to www.ferc.gov to make it easier for applicants to understand and complete the licensing process (I'll come back to this in a minute), (2) updating MOUs with other agencies to improve coordination, (3) continuing our small hydro hotline and email address to answer applicant questions, and (4) educating potential small hydro developers via a new education and outreach program. Collectively, these measures should help developers understand the FERC licensing process, help improve coordination with other agencies, and help license applicants complete the process.

Web-Based Roadmap

Selecting a project site



Determining if a project is jurisdictional



Selecting a FERC process



Consulting with stakeholders



Preparing a license/exemption application

A primary change that we have already started working on, is adding web-based resources to www.ferc.gov. Our goal is to enhance the existing website to make it more user-friendly with simple tools that use plain English to help applicants understand and complete the FERC process. The enhanced website will provide a roadmap that walks applicants through: selecting a good project site, determining if a project is jurisdictional, selecting a FERC process, consulting with stakeholders, and finally, preparing a license or exemption application. New tools on the website will make it easier for applicants to apply for a license or exemption including tools like fill-in-the-blank license and exemption application templates, information on how to obtain waivers, and examples of how applicants can expedite the process.

Schedule

Complete new web-based resources on www.ferc.gov by August 2010

Add resources to the existing “Small/ Low-Impact Hydropower” page

Our goal is to have all of the new web-based resources on www.ferc.gov by August 2010. However, we also intend to have some of these resources like the conduit and 5-MW exemption application templates loaded on the website under the existing “Small/Low-Impact Hydropower Projects” page earlier.

This concludes our presentation. We will be happy to answer any questions that you may have.



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