Changes in the Hydro Playing Field: Potential 2020 Policy Drivers

Northwest Hydropower Association
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2020 Policy Drivers to Preserve and Expand Hydropower

LICENSE REFORM
FEDERAL PARITY
CARBON
MARKETS
BEYOND THE D.C. BELTWAY
PUBLIC AWARENESS
The unwieldy federal and state licensing process – both for new licenses and renewals – has undermined hydropower’s economic competitiveness.

- Fundamental license reform has remained elusive for a generation.
- Yet there are signs of promise:
  - The shifting federal-state balance of authority prompted by the Hoopa federal court decision, as well as proposed reforms CWA 401, ESA & NEPA;
  - Growing climate urgency has prompted some in the river community to re-think hydro.
  - Both parties now recognize that improvements are needed, yet election year reform is unlikely.
Federal Parity

Several big wins in 2019, but there’s more work to be done

- **Tax Extenders Package** – Reinstatement of hydropower and marine energy tax credits for 3 years (2 years retroactive to cover 2018/2019 and 1 year forward for 2020) at existing levels.
  - ITC – 30%
  - PTC – Roughly 1.2 cents per kwh
- **Record Appropriations** – a new record level of funding has been approved for the WPTO with a total level of **$148 million** for FY 2020
- **In 2020**, NHA will work towards further victories on priority items like parity in post-2020 tax treatment and securing an energy storage tax credit.
As a carbon-free source of renewable generation, carbon pricing could be a significant market driver.

- National climate conversation picking up steam.
- Key issue for all major Democratic Presidential candidates.
- House Republicans announced their own February 2020 proposal.
- Wave of state policies continues
  - US Climate Alliance includes 25 Governors (including 3 Republicans)
  - 11 states now have 100% Clean Energy goals, with another wave of state bills likely.
Market and Regulatory Priorities

• Numerous opportunities to help shape market design, include in the Northwest:
  • FERC’s Reliability Docket
  • California’s Implementation of S.B. 100
  • CAISO’s Extended Day Ahead Market, and
  • CAISO Resource Adequacy evaluations

• Similarly, NHA engaged in several opportunities to streamline regulatory process, including:
  • CWA 401
  • Endangered Species
  • National Environmental Policy Act
Beyond the Beltway

States increasingly drive electricity policy.

• State laws can undermine hydropower’s competitiveness by subsidizing other technologies (wind, solar, nuclear) at hydropower’s expense.
• “Clean Energy Standards” offer an opportunity to create a more level playing field for hydropower – if designed appropriately.
Hydropower is part of a cleaner, more reliable grid. We need to speak up!

- As one of the most popular energy sources (behind wind and solar), NHA needs to continue its public awareness efforts.
- National Hydropower Day – August 23
- Path to 100% Clean Energy campaign highlighting that the path to a cleaner, more reliable grid flows through hydropower.
Together, We Can Expand Hydropower’s Value and Impact

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