

HYDROELECTRIC PRODUCTION INCENTIVES PROGRAM

REQUEST

Maintain the language in the Energy and Water Appropriations Act report (Title III, Department of Energy; Energy Efficiency and Renewable Energy; Water Power):

*Within available funds, the agreement provides [\$XX,XXX,XXX] for marine and hydrokinetic technology research, development and demonstration, and [\$XX,XXX,XXX] is for conventional hydropower research, development and demonstration. **Of the [\$XX,XXX,XXX] for conventional hydropower, \$3,960,000 is for the purposes of Section 242 of the Energy Policy Act of 2005.***

PURPOSE

The Hydroelectric Production Incentives (HPI) program supports the conversion of existing dams and conduits into hydroelectric facilities. Electricity developers are permitted by public utility commissions to recover their costs over the lifespan of the generation assets – typically 50 to 100 years. Financing the projects by small developers can be difficult because most lenders require much shorter terms (10 to 30 years). The HPI program helps to bridge that gap by offering incentive payments after the facility is complete, online, and generating electricity – and *only then*.

BENEFITS

Designating \$3.96 million for HPI would support an additional 160 gigawatt hours of electricity (at 2.42¢ per kilowatt hour) generated by millions of dollars of *non-federally-financed* infrastructure upgrades. The generation would occur in areas of the country determined by FERC to benefit from supplemental electricity generation. Each facility would require dozens of new engineering and construction jobs and add to community and regional economic development after completion. Adding hydroelectric generation to existing dams and conduits is a low-cost, high return-on-investment, environmentally-friendly method of supplementing the nation's electricity supply.

FUNDING HISTORY

The program received \$3.6 million of funding in the fiscal year (FY) 2014 Consolidated Appropriations Act. For FY 2015, we are requesting a 10 percent increase to account for additional dams expected to come online during the fiscal year. For comparison, the Department requested a 20 percent increase in funding for the Energy Efficiency and Renewable Energy program.

AUTHORIZATION

Section 242 of the Energy Policy Act of 2005 (Public Law 109-58, August 8, 2005); 42 USC 15881.

BENEFICIARIES

Nearly every state in the nation and the vast majority of citizens would benefit from the conversion of non-powered dams into hydroelectric facilities. Hydropower is a clean, renewable, reliable, domestic source of low-cost, price-stable electricity.



Locations of potentially-eligible non-powered dams identified by Oak Ridge National Laboratory (April 2012).