

## Hydropower: R Street Institute Study Addresses Permitting Issues



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The R Street Institute (“R Street”) has published a study titled:

*Ebbing the Flow of Hydropower Red Tape (“Report”)*

R Street describes itself as a nonprofit, nonpartisan, public resource organization that engages in policy research and outreach to promote free markets and limited, effective government.

The Report assesses the current and future ability of the United States to generate energy through the use of hydropower. A United States Department of Energy report is cited for the proposition that hydropower has the potential to grow nearly 50 percent beyond its current capacity. However, R Street takes the position that the ability of the United States to significantly expand the role of hydropower in energy generation depends upon regulatory reform.

The Report contends that the requirements to obtain permits to construct or relicense a hydropower project “reflects a bureaucratic legacy accumulated through state and federal implementation of expansive federal environmental statutes.”

The Federal Energy Regulatory Commission’s permitting role is noted. However, the Report states that state water-quality agencies have de facto power over permitting approvals, denials and delays of hydropower licensure.

Cited permitting processes are described as “lengthy and ambiguous” and cause:

- Excessive artificial barriers to entry
- Financing difficulties for hydropower projects

R Street argues that the lower air emissions related to hydropower can displace some fossil-fuel generation capacity. This is argued to make it important for policymakers to focus on the mitigation of artificial cost created by such regulatory processes, licensure uncertainty, and delays that increase financing costs.

The Report suggests a number of executive priorities for the Trump Administration to address these issues:

1. Implement the 2011 FERC-Army Corps of Engineers memorandum of understanding by providing training and ongoing advice to targeted Corps districts.
2. FERC should launch a public inquiry to gain feedback and seek improvements (e.g., schedule discipline) in its alternative licensing process (ALP), which has fallen short of its significant potential to achieve stakeholder consensus around contentious projects.

3. Revise FERC's hydropower performance goal of 24 months to issue an order. A shorter (e.g., one-year) performance goal is more appropriate for low-impact project and those that successfully complete and ALP process.
4. Expand that use of conditional licensing to all hydropower projects, recognizing the advantages of FERC's conditional certificates currently used in the natural gas program. This would encourage expedited interagency review, but may require statutory amendments to the Federal Power Act.
5. Improve FERC's relicensing terms (e.g., increase terms to 50 years). Namely, FERC should build upon the agency's recently issued notice of inquiry to obtain public input on license terms.
6. Improve stakeholders' access to information and understanding of regulatory processes (e.g., to build on DOE's 2014 tool kit) and to encourage dispute-resolution mechanisms in lieu of extended litigation.
7. Use the DOE to facilitate discussions among agencies for regulatory implementation reforms.

[A copy of the Report can be downloaded here.](#)