

Agreement with FERC

Background

A vast majority of the hydro projects in the US must be permitted by the Federal Energy Regulatory Commission (FERC). The current permitting process employed by FERC needs to be streamlined and simplified to encourage the responsible development of small-scale hydropower projects. The Governor's Energy Office, the National Hydropower Association, a few state energy offices, a host of private developers and other organizations across the United States agree that the resources needed today to obtain a hydropower permit from FERC represent a disproportionate burden for the developers of small projects. As a result, the development of this renewable resource is stifled nation-wide. Colorado has not been immune to this effect: in 30 years, only 24 small hydropower projects in the state have received an exemption permit from FERC, in spite of having several hundred sites with a potential of 2 MW or less, and a combined capacity of more than 1,400 MW.

The Governor's Energy Office has taken a proactive stance to correct this situation by working with FERC to find opportunities to streamline their current framework. The result of this effort is an agreement that will not just shorten the time needed to receive a permit but also simplify the process, making it cost-effective for small projects. As part of this initiative, GEO used Recovery Act funding to contract a group of experts, known as the Renewable Energy Development Team (REDT), to assist the best projects in the state in navigating the FERC permitting process.

The Program

Colorado will prescreen projects that comply with a rigorous set of conditions. These conditions ensure that the candidate projects utilize an existing infrastructure for which hydropower is an incidental use, without increasing current water diversion. Additionally, projects that adversely affect water quality, wildlife or cultural resources will be excluded from this program. The REDT will collect all the pertinent information from the applicants and will submit it to the relevant state and federal agencies for their approval. GEO is working with such agencies to ensure that the information collected matches their needs. Once an agency has received the required information, it will decide whether a project affects natural or cultural resources in a negative way. For those projects that have no negative impacts, the agencies will issue a letter communicating their assessment. Simultaneously, the REDT will assist developers in completing permit applications that thoroughly adhere to FERC's requirements.

GEO will submit the applications that successfully complete the program to FERC, together with the agencies' letters of approval. For projects submitted through the state's process FERC agrees to waive the 1st and 2nd stages of consultation. These two stages, which focus on engaging stakeholders in the permitting process and delineating the studies necessary to support the application, can be time consuming. The state's program will serve as an alternate route.

Within 30 days of receipt, the Commission will notify the state if the application is accepted. When FERC accepts an application, it declares the project ready for environmental analysis and solicits comments, recommendations, and terms and conditions from relevant agencies and the general public, who will have 30 days for filing responses. This is half the usual period. If the applicant submits satisfactory reply comments, FERC will then conduct an Environmental Analysis in the case of conduit exemptions, or a NEPA review for 5 MW exemptions. Finally, FERC will issue an order granting or denying the exemption. The program sunsets after 20 projects have completed it, but both FERC and Colorado intend to continue the aspects that prove to be the most beneficial.