



# Notice of Inquiry Preliminary Permits

Item No.: H-1

February 15, 2007

Good morning, Mr. Chairman and Commissioners.

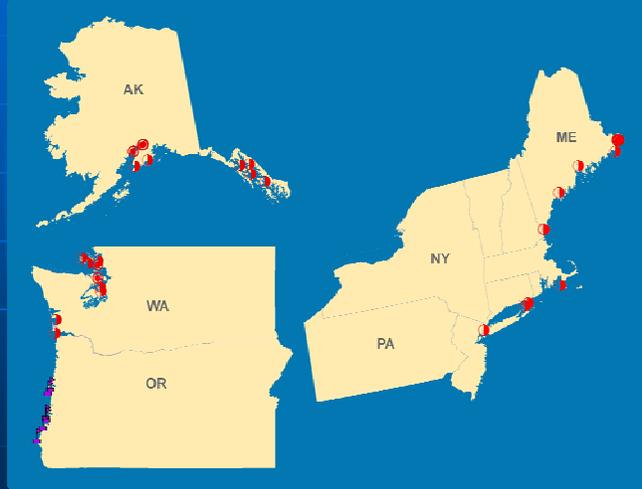
My name is William Guey-Lee and I am on staff of the Office of Energy Projects.

## ISSUED PERMITS



I want to provide a quick overview of where we are on the ocean preliminary permit program and some details of OEP's administration under the interim policy as proposed in the Notice of Inquiry. The first slide shows the locations of where permits have been issued. OEP has issued 11 permits. These are mostly located off the coast of Florida and one each in San Francisco Bay, Puget Sound, and East River, New York. As the Commission is aware, the project located in the East River was the subject of a Commission order, the Verdant decision, which authorized the permittee to perform on-site, in the water testing of new technology generating units and not be in conflict with the Federal Power Act.

## PENDING PERMITS



The next slide shows the locations of permit applications that are pending before the Commission. As you can see, they are concentrated in the New England & Northeast United States, in Cook Inlet Alaska, and in the Northwest U.S. in Puget Sound and off the coast of Oregon.

# POTENTIAL ENERGY

- Issued Permits  
400 MW
- Pending Permits  
4,600 MW

Next slide shows the power potential. There are more than 40 pending applications for preliminary permits. These applications, including the issued permits, represent a potential of almost 5,000 MW of energy to be developed.

## ADDITIONAL INFORMATION REQUIREMENTS

- Size of Area Appropriate
- Specific Details on Proposed Technology

As the next slide indicates, under the Commission's interim policy for processing pending permits for new ocean and tidal energy projects, OEP will apply strict scrutiny of these applications. First, staff will review the proposed project boundaries to see if it is appropriately sized. If not, staff will request applicants to reconsider the size of the project boundaries. Further, we will also request where appropriate, and if the applicant has not provided, information concerning its ability to carry out the project, and any specific details of the technology that they propose. Staff will have this information available before making any decisions on the applications.

# POST ISSUANCE ADMINISTRATION

- Schedule of Activities  
NOI and PAD
- Bi-Annual Progress Reports
- Cancel Permit if No Progress

The next slide shows in brief what we will do to monitor a permittee's activities once a permit is issued, to ensure that progress is being made towards the development of these new technologies. First, we will ask for a schedule of activities from the permittee that will lead to the filing of an application for license. We will also review very closely the six month progress reports that are required to be filed. If the permittee doesn't adhere to its schedule of activities or if the progress reports don't show sufficient progress, then staff proposes to cancel the permit.

# PERMITTEE ACTIVITIES

- FEASIBILITY STUDIES
  - Financing and Economics
  - Engineering and Technical
  - Environmental

Permits are issued for a term of 36 months, to allow the applicant to study the feasibility of a proposal, while maintaining its right of priority under the Federal Power Act to file a license application. While under a permit, a permittee can conduct studies and other activities, including obtaining financing for studies and development, computing cost estimates, doing site specific studies, like mapping the bottom of ocean or bay, measuring currents/waves, and environmental studies, such effects on fisheries, navigation, and recreation. The permittee should also consult with federal and state agencies and nongovernmental organizations.

OEP's role is to facilitate the development of this new technology from the preliminary permit application, to permit issuance, through the pre-filing license application process, and ultimately through the licensing process, leading to a Commission decision on the application.

Thank you and this concludes my presentation.