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The slide features a dark teal background with a gradient. At the top left, the U.S. Department of Energy logo is displayed, including the text 'U.S. DEPARTMENT OF ENERGY' and 'Energy Efficiency & Renewable Energy'. To the right of the text are the official seals of the U.S. Department of Energy and the U.S. Army Corps of Engineers. The main title, 'Synchronized FERC-USACE Processes for Authorizing Non-Federal Hydropower Projects', is centered in a large, bold, yellow font. Below the title, the item number 'Item A-3: AD16-00022-000' and the date 'July 21, 2016' are centered in a white font.

U.S. DEPARTMENT OF
ENERGY | Energy Efficiency &
Renewable Energy

U.S. Army Corps
of Engineers

**Synchronized FERC-USACE
Processes for Authorizing Non-
Federal Hydropower Projects**

Item A-3: AD16-00022-000

July 21, 2016

[DOE - Tim Welch] Good morning Mr. Chairman and Commissioners. The synchronized approach for Commission and Corps non-federal hydropower project authorizations was developed by Commission and Corps staff under facilitation provided by the U.S. Department of Energy. We will identify the need for the approach, include an overview of recent non-federal hydropower development at the Corps' facilities, describe the approach, and outline its expected benefits.

Non-Federal Hydropower Development at USACE's Dams

- Department of Energy (DOE) study identifies potential for 12,000 MW of new hydropower at non-power dams; 6,900 MW at USACE dams
- Developers and agency staff concerns - redundancy of licensing and permitting processes
- 2010: MOU among Department of Energy, Department of Interior, and US Army Corps of Engineers
 - Federal Inland Hydropower Working Group
- 2011: MOU between FERC and USACE

[DOE - Tim Welch]. In 2012, the Department of Energy issued the results of a study identifying the potential hydropower capacity of approximately 12,000 MW at the Nation's 80,000 non-powered dams with 6,900 MW of potential hydropower capacity at non-powered U.S. Army Corps of Engineers dams. Energy's 2012 report has contributed to an increased interest in non-federal hydropower development at the Corps' locks and dams. Both the Commission and the Corps have regulatory authority with respect to this non-federal development, and developers and state and federal agency personnel have expressed concern about redundancies and the sequential nature of the respective federal permitting processes resulting in unnecessary project delays.

In 2010, the Department of Energy, the Department of the Interior, and the Corps of Engineers signed the Memorandum of Understanding for Hydropower to "help meet the nation's needs for reliable, affordable, and environmentally sustainable hydropower..." That MOU led to the creation of the Federal Inland Hydropower Working Group made up of 16 federal agencies, including Energy, the Commission, and the Corps of Engineers, that are involved in the regulation, management, or development of U.S. hydropower. A major goal of this federal hydropower working group is to "create opportunities to better integrate and coordinate regulatory processes..."

In addition, in 2011, the Commission and the Corps renewed their own Memorandum of Understanding and pledged to "provide for the effective and efficient pre-filing and post-filing environmental review for non-federal hydropower development." As a result of these comprehensive MOUs, the respective staffs from the Commission and the Corps, initiated a series of discussions, facilitated by the Department of Energy, on an approach for synchronizing the Commission and Corps processes for authorizing non-federal hydropower projects. We are pleased to present to you today the results of our discussions.

Recently Constructed Non-federal Hydropower Projects



- Cannelton No. 10228 (80 MW), Meldahl No. 12667 (105 MW), and Willow Island No. 6902 (35 MW)
- Combined installed capacity of 220 MW

[FERC - Nick Jayjack] As previously noted, we've experienced increased interest over the last 10 years in developing new non-federal hydropower projects at the Corps' federal facilities. Since fiscal year 2007, the Commission has licensed nearly 30 such new hydropower projects having a combined installed capacity of over 400 megawatts. The Commission currently has 18 pending license applications at various stages of processing for an additional capacity of nearly 500 megawatts.

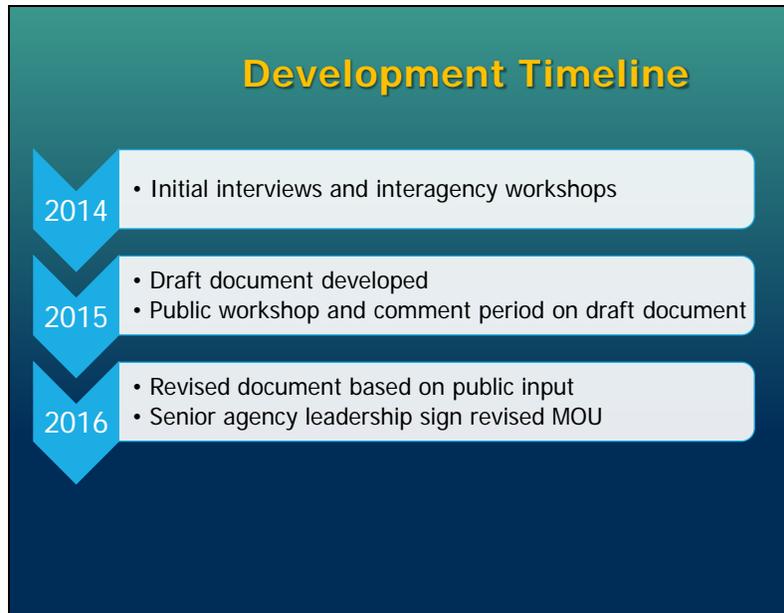
In the last year, construction of three Commission-licensed projects as been completed - Cannelton No. 10228 shown in the photo, Meldahl No. 12667, and Willow Island No. 6902. Together, these projects have an installed capacity of 220 MW.

Non-federal Hydropower Projects Under Construction



- Red Rock No. 12576 (36.4 MW), Smithland No. 6641 (83 MW),
Marseilles No. 13351 (10.3 MW), Townshend No. 13368 (0.9 MW),
Ball Mountain No. 13226 (2.2 MW)
- Combined Installed Capacity of 132.8 MW

[FERC - Nick Jayjack] Currently, five Commission-licensed projects with a combined installed capacity of about 133 MW are under construction: Red Rock No. 12576 shown in the photo, Marseilles No. 13351, Townshend No. 13368, and Ball Mountain No. 13226.



[FERC - Nick Jayjack] In part, given this recent and potential for future non-federal hydropower development at the Corps' facilities, in 2014, Oak Ridge National Laboratory staff and consultants conducted a series of interviews and workshops with FERC staff, Corps staff, and hydropower developers experienced in application development or processing. The purposes of the interviews and workshops were to learn where processing redundancies exist, how any process duplication could be eliminated, and ultimately, what steps could be taken to better coordinate the processes and thereby shorten the time for developers to receive all authorizations needed to begin constructing new hydropower projects at Corps facilities.

The result of the discussions was the development of a synchronized processing approach, whereby the Corps' environmental and engineering reviews would occur concurrently with Commission staff's processing of a license application. The approach was presented and discussed in a draft document issued by DOE for public review and comment in the Fall of 2014. DOE, Commission, and Corps staff subsequently convened a public workshop to receive comment and input on the draft approach. Over 50 individuals representing more than 20 governmental and non-governmental organizations attended the workshop, many of whom provided comments and recommendations on the draft approach.

Based on the comments received on the draft document and at the public workshop, in early 2016, Commission and Corps staff re-convened and finalized the approach. The final approach document is appended to the revised MOU recently signed by senior agency officials at the Commission and the Corps.

The Synchronized Approach

Phase 1: Environmental Review

- Early coordination among developers, FERC and USACE staff
- Developer files sufficient information and license application
- Coordinated FERC-USACE environmental review
- FERC license issuance
- USACE Regulatory 404 and 408 status letters

[Corps - Amy Klein] The final synchronized approach includes two phases - an environmental review phase followed by a detailed technical, engineering, and safety review phase. During Phase 1, the developer, Commission staff, and Corps staff coordinate early to discuss the developer's proposal and the need for information in support of the agencies' permitting decisions. A developer then acquires any needed information, prepares Commission license and Corps section 404 permit applications, and then submits the applications to the Commission and Corps, respectively, for review. The environmental effects of the proposed project will then be evaluated up front through one coordinated environmental review supporting the Commission's licensing decision, and the Corps' subsequent sections 404 and 408 decisions. Phase 1 concludes with the Commission's licensing decision, and if the section 404 permit application is deemed complete and satisfactory, with status letters from the Corps on its sections 404 permit application review and 408 environmental review.

The Synchronized Approach

Phase 2: Technical, Engineering and Safety Analysis

- USACE Regulatory 404 and USACE 408 permit decisions
- Coordinated post-license/permit process

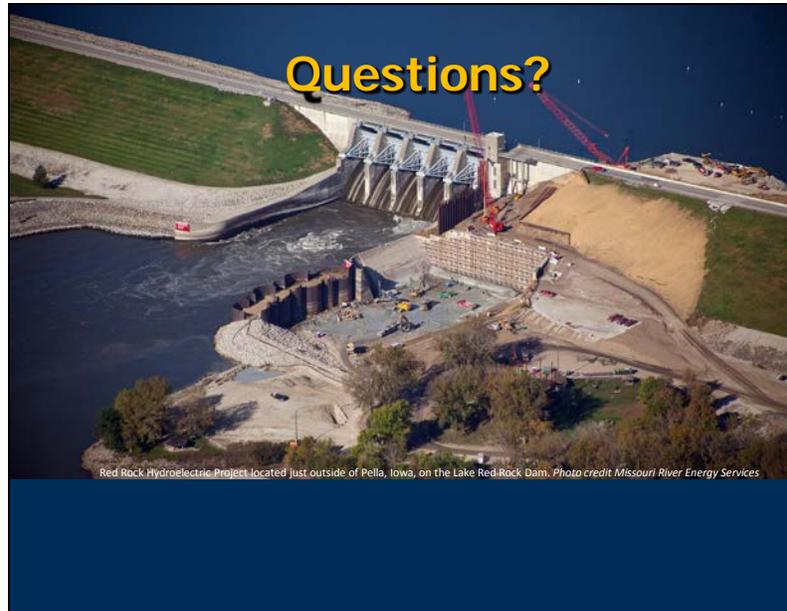
[Corps - Kyle Jones] During Phase 2, a developer prepares its detailed designs for the project in coordination with Commission and Corps staff, and submits the designs to the Commission and the Corps. The developer also submits a section 408 application to the Corps for its review. If approved, the Corps issues its 408 approval decision and then subsequently issues the final 404 permit decision to the developer with copies to the Commission. Once all preconstruction requirements have been completed and the Commission receives the Corps' written construction approval, the Commission authorizes construction of the project.

Benefits of the Synchronized Approach

- Increased Efficiencies
- Reduced Permitting Time
- Single NEPA Environmental Document
- More Certainty and Less Risk for Developers

[Corps - Kyle Jones] Conducting the Commission's and Corps' review processes in a synchronized manner should: (1) increase regulatory process efficiencies through early developer engagement with Commission and Corps staff to explain the project proposal and determine information needs, and through agency performance of one, coordinated environmental review; (2) reduce the combined Commission and Corps agency review times relative to the status quo where one or more of the Commission and Corps processes are conducted sequentially; (3) result in a single, joint NEPA Environmental Document, supplemented as needed; and (4) increase the likelihood that the Corps' environmental review is complete or nearly complete at the time of the Commission's licensing decision, which allows developers to invest in the project incrementally with more certainty and less risk.

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[Corps - Kyle Jones] In conclusion, the two-phased approach reflects a commitment by both Commission and Corps staff to coordinate information and regulatory needs for each of the Commission and Corps processes, and to work with the developer, applicable agencies, and others to achieve an efficient approach that synchronizes the agencies' processes. This concludes our presentation, and we are happy to answer any questions.