



**Federal Energy Regulatory Commission
February 15, 2007
Open Commission Meeting
Statement of
Chairman Joseph T. Kelliher**

Item H-1: Preliminary Permits for Wave, Current, and Instream New Technology Hydropower Projects (RM07-8-000)

"In December, the Commission held a technical conference to examine new hydroelectric technologies, namely technologies that would utilize ocean waves, tides, and currents and from free-flowing rivers. The purpose of the technical conference was to learn more about these new technologies and to develop prudent "next steps" in our regulation of this nascent industry. Today, we take an important next step on regulatory policy.

We learned that these hydroelectric technologies have significant potential. However, we also learned these technologies have some challenges, relating to reliability, environmental and safety implications, and commercial viability.

Over the past year we have seen increasing interest in these new hydroelectric technologies as evidenced by numerous articles in the news media and by a surge in applications for preliminary permits here at the Commission. Since last March, over 40 preliminary permit applications for ocean projects have been filed. We have also received our first license application for a wave energy project.

To date, staff has issued 11 preliminary permits; three for proposed tidal energy projects in New York, Washington, and California, and eight for proposed ocean current energy projects off the coast of Florida.

Much of the discussion at the technical conference centered on regulatory processes that may affect the ability of this new industry to succeed. Participants had differing views on this score. Some participants questioned the efficacy of preliminary permits for these projects altogether. Others wanted the Commission to expeditiously grant all the pending preliminary permits, as well as future permits. Some proposed that we grant preliminary permits, but for shorter terms. Others were concerned about possible site banking by permit holders who may have no interest in project development.

Today, the Commission announces a new interim policy and seeks comment on alternative approaches. In our new policy, we propose to grant the preliminary permit applications that meet our rules, but subject them to strict scrutiny. If we determine that a permit holder is not actively pursuing project exploration, and is not preparing for a license application, we may cancel their preliminary permit. In my view, our interim policy supports continued development of this new technology, while guarding against site banking.

Our action today, announcing an interim policy while seeking comment on alternative approaches, shows that we are dedicated to demonstrating regulatory flexibility with respect to development of these promising new hydroelectric technologies."