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For Immediate Release

EPA's Clean Power Plan Recognizes Hydropower's Importance in Meeting Goals

Final Rule includes Hydro, Wave and Tidal Power as a renewable and compliance option for states

Washington, D.C. (August 31, 2015) – Recently, the Environmental Protection Agency (EPA) issued its final rule for the Clean Power Plan, which is aimed at reducing carbon dioxide (CO₂) emissions from existing power plants under the Clean Air Act Section 111(d). In addition to recognizing hydropower and marine energy (wave, tidal) as a renewable, the final rule allows for new hydropower projects and incremental uprates to existing facilities to be eligible to create Emission Rate Credits (ERCs) under rate-based plans.

“As an industry, we are encouraged the Clean Power Plan recognizes new hydropower and uprates to existing facilities as an important compliance option for states to reduce their carbon emissions,” **said Linda Church Ciocci, NHA Executive Director.** “We are also pleased the final rule listened to industry concerns by addressing the market distortion that existed in the proposed rule between hydropower and other renewables. By backing out existing generation for all renewables, and counting new generation from 2012, the Clean Power Plan puts hydropower on equal footing with other sources of renewable energy.”

Best System of Emission Reduction Calculation Adjusted for States

Consistent with other types of renewable energy, new hydropower generating capacity installed after 2012 is eligible to states to help meet their goal. For a handful of states, EPA adjusted the Best System of Emission Reduction Calculation (BSER) for their 2012 baseline carbon emissions level to better reflect the amount of emissions in an average hydropower year (from 1990-2012), recognizing that increased hydropower generation in 2012 allowed states to utilize less fossil generation. These states include Idaho, Maine, Montana, Oregon, South Dakota, and Washington.

Energy Storage Under the Final Rule

According to the final rule, energy storage may not be directly recognized as an eligible measure that can be used to adjust a CO₂ emission rate, given that storage does not directly substitute for electric generation from the grid or avoid electricity use from the grid. Electric generation that is input to an energy storage unit, may be used to adjust a CO₂ emission rate, however output from the energy storage unit may not. EPA recognized storage as an enabling measure that encourages greater use of renewable energy, which can be used to adjust CO₂ emission rates, the benefits of which include greater grid penetration of renewable energy, storing excess energy that may have been shed in times of excess generating capacity, and taking pressure off of fossil units in responding to sudden shifts in demand.

NHA believes energy storage, particularly hydropower pumped storage, will play a critical role in meeting the goals of the plan and looks forward to working with policymakers to put in place the market mechanisms to promote new pumped storage projects.

Canadian and International Hydropower

The Clean Power Plan also recognized Canadian hydropower as a compliance option, but it must be new and installed after 2012. Additionally, it must be connected to U.S. grid, and there must be a Power Purchase Agreement or another contract for delivery of power with an entity in the U.S.

“For the Clean Power Plan to work, local and state governments will need to rely on hydropower to address future climate change, reliability and energy storage goals,” **Ciucci continued**. As the nation’s largest source of renewable electricity, hydropower will continue to play a critical and indispensable role in meeting carbon reduction goals.

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