

## **Hydropower's Role in the Climate Change Debate**

### *Chelan PUD Perspective*

The Chelan County Public Utility District, located in north central Washington State, owns and operates three hydroelectric generating projects with a combined total generating capacity of over 2,000 megawatts of clean, renewable power. Chelan PUD has a long history of natural resource stewardship, particularly with regard to salmon and steelhead protection. Our experience in protecting fish illustrates what can be achieved when regulatory policy sets desired outcomes and allows entities the flexibility of how best to meet those goals. A market-based cap and trade approach to reducing greenhouse gas (GHG) emissions also has the potential to encourage innovation and deploy resources as effectively as possible.

As policy makers focus on developing GHG reduction policies, Chelan PUD asks that the Northwest (where emission-free hydropower dominates, emission-reduction opportunities are relatively rare, and significant environmental investments for fish have already been made) not be inadvertently penalized. Instead, we believe that legislation should encourage the incremental development and optimization of clean, renewable hydropower to help achieve GHG reduction goals. Based on our experience as a hydroelectric generating public power utility in the Northwest, Chelan County PUD supports the following hydropower-specific principles:

- Legislation and regulation should favorably recognize and credit the historical investments in energy efficiency and renewable resources, which have mitigated or avoided GHG emissions.
- Policy makers should consider a generation-based allocation system.
- Environmentally-friendly hydropower should receive allocations for four reasons: 1) to recognize the value of hydropower as a renewable (like other renewable technologies); 2) to encourage the optimization of existing potential; 3) to prepare for the long-term impacts of climate change that may reduce hydro generation; and 4) to prepare for and mitigate climate change impacts on environmental programs important to hydropower (i.e. fish protection and habitat programs).
- “Environmentally-friendly” hydropower should include 1) no net impact projects; 2) certified green projects; and 3) new hydropower resulting from equipment upgrades or operational efficiency improvements.
- A cap and trade system should address new demand growth. Demonstrable increases in incremental hydropower should be encouraged as “offsetting” greenhouse gas generating resources.
- Hydropower should be included as an eligible renewable under a national renewable portfolio standard.

**---DRAFT---**

- Government grants, loans and incentives should be available to promote hydroelectric efficiency or technological partnerships with other renewable resources.
- Hydropower-dependent utilities should be eligible to receive incentives if it can be demonstrated that projects are being disproportionately impacted by climate change's effects on water supply, etc.
- Legislation should provide incentives to support efforts to offset climate change on Northwest fish and wildlife species.

**---DRAFT---**