



May 6, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Steny Hoyer
Majority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi, Leader McConnell, Leader Hoyer, Leader Schumer, and Leader McCarthy:

RE: HYDROPOWER ECONOMIC RECOVERY PACKAGE

Thank you for your bipartisan leadership in moving to quickly address the urgent needs of the American people during the early stages of the COVID-19 pandemic. I am writing on behalf of the National Hydropower Association (NHA) to urge your consideration of measures that invest in our nation's power generation infrastructure which will help support a strong economic recovery and a clean energy future.

The U.S. water power industry, comprised of hydropower, pumped storage, conduit power and marine energy, has a tremendous impact on our nation's electric grid and economy. Hydropower delivers approximately 40 percent of U.S. renewable electricity and hydropower pumped storage projects provide 93 percent of energy storage in the country. Unfortunately, COVID-19 has significantly affected the hydropower and marine energy sectors. Electricity demand plunged to a 16-year low in recent weeks, falling as much as 20 percent in some places.

In order to deal with these challenges, NHA strongly supports federal action on both tax policy and infrastructure investments to help jump-start the U.S. economy. The top priority for the NHA membership is to preserve and expand our industry's ability to provide clean renewable energy to the nation, all while minimizing any disruption to our industry suppliers and manufacturers. As Congress works to stabilize and mitigate the negative impacts of the crisis, it is critical that the U.S. hydropower industry receives equal treatment with other clean energy technologies both in terms of tax provisions as well as any potential infrastructure stimulus package.

First, on tax policy, the hydropower industry needs long-term certainty to accommodate the lengthy development lead times for these infrastructure projects that often last for 50 years or more. Also, tax incentives for new facilities on existing dams, in particular, are important in light of the capital-intensive nature of these projects. In addition, we strongly request you ensure that Congress enacts policies that provide a level playing field for all hydropower, marine energy, and pumped storage, which will attract substantial private investment and foster job growth and economic benefits throughout the country. The hydropower industry needs a level playing field at a time when the country is seeking ways to increase employment along with the deployment of clean energy resources which and to strengthen grid reliability and resiliency. The “Tax Economic Stimulus Strategy” is a framework of policy incentives that we urge you to consider for potentially significant job creation. Our tax policy recommendations include:

1. **Extend and Expand the Production and Investment Tax Credits:** Long-term extensions of the Production Tax Credit (PTC) and Investment Tax Credit (ITC) for hydropower projects are needed to accommodate the longer regulatory and development lead time associated with these projects.
2. **Allow Energy Storage to Qualify for the ITC:** Expanding our nation’s energy storage capacity is essential to ensuring a secure and stable grid as well as integrating more renewable energy – and today, pumped storage technology is the most cost-effective, large-scale storage method. The enactment of an elective payment provision for energy storage will help foster pumped storage development and help secure the resilient grid we need in these challenging times.
3. **Extend the Safe Harbor Provisions:** Once physical work on a qualified facility has begun, it can take the project several years to complete the construction process and be placed in service. Hydropower projects – like those of other renewable technologies – would benefit from an extension of the continuity safe harbor for projects that have already commenced, but experienced delays due to supply chain disruptions from the pandemic.

Additionally, NHA strongly supports measures to invest in critical hydropower and marine energy infrastructure leveraging existing Department of Energy and other federal programs to get our economy back on track. Through targeted infrastructure development programs that can be initiated quickly, we can launch the next-generation of energy manufacturing and innovation, along with job training and small business and related supply chain sustainment. This type of federal spending is critical to providing economic stimulus, reducing unemployment, and encouraging energy resource diversity.

The “Water Power Infrastructure and Innovation Strategy” outlines a set of initiatives that we urge you to consider for federal stimulus funding. Our \$1.5 billion in recommended actions include:

1. **Hydropower Facility Improvement Program - \$850 million:** National program to modernize the hydropower fleet and address the backlog of operation and maintenance (O&M) needs, increasing capacity, improving efficiency, and advancing environmental performance at federal and non-federal dams.
2. **Marine Energy Infrastructure and Demonstration Program - \$550 million:** Investing dedicated funding for offshore testing and infrastructure for wave, tidal and ocean current precommercial demonstration projects with additional support for DOE’s “Powering the Blue Economy” initiative.
3. **Workforce Development and Job Training - \$100 million:** Investment in university and community college technical training grants, paid internships, and placement programs at businesses and National Labs.

The attached fact sheets contain NHA’s bipartisan, common-sense approaches to tax policy and infrastructure investment recommendations. For one example, we look forward to working with you on efforts to update and improve the hydropower project licensing process, which is critical to the future of the industry.

NHA urges Congress to adopt this economic stimulus plan. Our membership believes that these strategies will play a critical role in the transition to a clean and resilient energy system which will help restore economic growth, provide opportunities in local communities across the country and create hundreds of thousands of jobs.

Thank you in advance for your consideration of our water power investment proposals. We look forward to working with you to advance these important efforts.

Sincerely,

Malcolm Wolf
President and CEO
National Hydropower Association