

**Statement of Michael L. Connor, Commissioner
Bureau of Reclamation
U.S. Department of the Interior
Before the
United States Senate
Committee on Energy and Natural Resources
on
S. 629
March 31, 2011**

Chairman Bingaman, Ranking Member Murkowski, and members of the Committee, I am Mike Connor, Commissioner of the Bureau of Reclamation (Reclamation). I am pleased to be here alongside the Department of Energy (DOE) and the Federal Energy Regulatory Commission (FERC) to discuss activities underway at the Department of the Interior (Department) as they relate to S. 629, the Hydropower Improvement Act of 2011.

Hydropower is a clean and efficient way to produce energy and is a renewable resource. Each kilowatt-hour of hydroelectricity is produced at an efficiency of more than twice that of any other energy source. Where hydropower does have environmental impacts, particularly on fish species and their habitats, we work with our partner bureaus and agencies to evaluate and mitigate these impacts. Further, hydropower is very flexible and reliable when compared to other forms of generation. Reclamation has nearly 500 dams and dikes and 10,000 miles of canals and owns 58 hydropower plants, 53 of which are operated and maintained by Reclamation. On an annual basis, these plants produce an average of 40 million megawatt (MW) hours of electricity, enough to meet the entire electricity needs of over 9 million people on average.

Reclamation is the second largest producer of hydroelectric power in the United States, and today we are actively engaged in looking for opportunities to encourage development of additional hydropower capacity at our facilities. This afternoon, Reclamation will publish the Hydropower Resource Assessment at Existing Reclamation Facilities (Assessment), a comprehensive review of power potential at all Reclamation facilities. The Assessment benefitted from public comment received this past winter. The Assessment will detail our findings on hydropower potential, providing information on whether or not hydropower development at existing Reclamation facilities would be economically viable and warrant further investigation. In addition to the Assessment, Reclamation will be publishing two Federal Register notices in the near future regarding Lease of Power Privilege opportunities at Granby and Pueblo dams in Colorado (two facilities that were identified to have good hydropower development potential in the Assessment). Reclamation and DOE are also working on a funding opportunity announcement to conduct several pilot studies on a low-head hydropower unit at Reclamation facilities.

I am pleased to report on these recent activities as they relate to the directives in S. 629. Subsection 10(a) of the bill calls for study of non-Federal hydropower development at Bureau of Reclamation projects. Reclamation is directed to conduct a study of barriers to non-Federal

hydropower development at Reclamation projects. This provision may duplicate efforts already underway. For example, the constraints analysis outlined in Chapter 3 of the Assessment, titled Site Analysis Methods and Assumptions (specifically, Chapter 3.5 of the Assessment), examines how land or water use regulations and legal requirements could potentially affect development of hydropower. These factors were taken into account when assessing the potential for hydropower development on existing Reclamation facilities. Further, the identified regulatory constraints have been mapped within Reclamation's regions using Geographic Information System (GIS) data. Local information for fish and wildlife and fish passage constraints, issues that could add significant development costs to a project site but are important to address from an environmental and natural resource standpoint, were identified by Reclamation's regional and area offices and accounted for in the Assessment as well.

Subsection 10(b) of S. 629 calls for Reclamation and FERC to develop and issue a memorandum of understanding to improve the coordination and timeliness of the non-Federal development of hydropower resources at Reclamation projects. Reclamation and FERC already have an MOU, signed in 1992, that addresses the establishment of processes for early resolution of issues related to the timely development of non-federal hydroelectric power at Bureau of Reclamation facilities. Reclamation and FERC recently met to discuss how to improve the timeliness of the processes developed in that MOU and other issues.

Section 8 of the bill would allow low-head hydropower development on Reclamation-owned conduits to be eligible for inclusion in FERC's conduit exemption program. Currently, Reclamation is assessing the potential for developing low-head hydroelectric generating capacity on our Federally-owned canals and conduits. A report, similar to the Resource Assessment, is expected to be released for public review by the end of this year. We expect that the provisions in Section 8 of the bill would help address uncertainty in the approval process for new licenses and would facilitate the development of new capacity at existing facilities. Reclamation supports the opportunity to enter into new agreements with private or quasi-public entities to develop low-head hydropower potential in an environmentally-sustainable manner.

Overall, the Department shares the Committee's view that interagency coordination can leverage Federal and private sector investment in additional hydropower development. This consideration was foremost in the Department's signing a Memorandum of Understanding with the Department of Energy and U.S. Army Corps of Engineers on March 24, 2010, to increase communication between federal agencies and strengthen the long-term relationship among them to increase in a sustainable manner hydropower production at existing Federal facilities.

In conclusion, Reclamation recognizes the importance of hydropower. We hope that the Assessment and the new efforts described will provide a lasting contribution to the power supplies of our nation. We will of course continue to coordinate with other agencies and look forward to working with the Congress in this important area to avoid duplication, and utilize existing authority and resources.

This concludes my written statement. I am pleased to answer any questions the Committee may have.