Life Begins at 50: FERC Relicensing Under the Federal Power Act

Thomas N. Russo

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LIFE BEGINS AT 50:
FERC RELICENSING UNDER THE FEDERAL POWER ACT

Thomas N. Russo
Federal Energy Regulatory Commission
Office of Hydropower Licensing
Washington DC 20426

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Natural Resources Law Center
University of Colorado
School of Law
Boulder, Colorado
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Today’s Objective
- What the Federal Power Act requires
- Lessons learned
- The relationship of NEPA, FPA and EPAct
- Role of competition in relicensing

What is the FERC?
- Federal Energy Regulatory Commission
- Doesn’t finance, construct, operate or own projects
- Regulates non-federal hydropower projects
- Issues licenses for 30-50 years

What Can FERC Do On Relicensing?
- Deny a license
- Issue a license with new terms and conditions
- Terms and conditions are usually dealing with environmental factors

Assumptions (Bad Ones)
- FERC Hydro Projects have ruined the environment therefore .... Stakeholders will be in a hurry to relicense and implement environmental enhancements
- Licensees will want to expedite relicenseing and avoid uncertainty

More Bad Assumptions
- A “One Size Fits All” Relicensing Process is good for America
- The Federal Government will decide to take over the projects
- Stakeholders will follow FERC regs.
- Stakeholders are incapable of resolving relicenseing issues among themselves

The Bigger Picture
- All developers and stakeholders have the existing licensing process
- Increased competition and reform in the electric and water sectors
- Entities are beginning to fight over water in the East

More of the Big Picture
- Reform in these sectors will be jeopardized, if environmental, health and safety concerns are not dealt with effectively
- Need for a conflict resolution mechanism
Sustainable Development al la FERC
  - At the end of a license, consider whether a project should be relicensed
  - Use NEPA, and FPA section 10(a) to consider *everything* that is important to the
    public in a relicensing decision
  - Consider what federal, state and local agencies, Indian Tribes and NGOs want

Vision
  - Promote sustainable energy development via section 10(a), NEPA and EPAct
  - Improve environmental quality and water use
  - Reduce delays
  - Reduce overall costs
  - Reduce overall benefits

FERC’s New Role
  - Provide a forum for conflict resolution at the river basin level
  - Minimize risks to stakeholders and developers for doing something different by
    actively participating and rewarding participants for their efforts

Impediments
  - We’ve never done this before!
  - We’re selling out!
  - It sounds risky, let’s study it.
  - FERC won’t like it.
  - Little experience with multi-sectoral approaches and adaptive management

More Impediments
  - Tendency to view environmental, energy, and water resources separately
  - It’s too complicated, so let’s take the easy route and stick to what we know
  - Stakeholders are hopelessly entrenched and committed to litigation

FERC’s New Strategy
  - Promote options to the standard licensing process
  - Actively support non-traditional approaches
  - Focus on groups of projects at the river basin level

More on Strategy
  - Don’t be a typical regulator
  - Foster cost effective solutions to reduce or eliminate adverse effects
  - Have FERC staff serve as an information resource
FERC's Approach

- Front load the NEPA process
- Use collaborative/cooperative teams of stakeholders to scope issues, design studies, and analyze impacts and best ways to mitigate or enhance
- Emphasis is on the river basin when developing mitigative measures

More on the Approach

- Settlements/Agreements - project is approved with certain negotiated conditions, but it is applicable only to the specific project
- Settlements/Agreements help you save face