Written Testimony of

Jessica Matlock
Government Relations Director
Snohomish County Public Utility District

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Water, Power and Oceans Subcommittee

Regarding

Oversight Hearing on Realizing the Potential of Hydropower as a Clean, Renewable and Domestic Energy Resource

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Introduction

Good afternoon, Chairman Fleming, Ranking Member Huffman and Members of the Subcommittee. My name is Jessica Matlock and I am the Government Relations Director of the Snohomish County Public Utility District (PUD) located in Everett, Washington. The PUD is the largest PUD in Washington, the second largest publicly owned utility in the Pacific Northwest, and the 12th largest in the country in terms of customers served. In addition to a population of 775,000 people, the PUD serves critical industries including Boeing and a local naval base.

The PUD serves its customers using 93% carbon-free resources comprised of hydropower (80%), wind, solar, biogas and biomass. We are the largest utility power purchaser from the Bonneville Power Administration (BPA) which markets power from the federal hydroelectric system in our region. Our only carbon sources come from market purchases.

In 2007, the PUD's Board of Commissioners adopted a climate change policy, with a commitment to meet load growth first through all cost-effective conservation, then with a diverse mix of renewable resources. As a result, we have aggressively implemented energy efficiency, and added solar, wind and more hydropower to meet the demands of our customers. The PUD also is a leader in the development of new energy storage projects that are standardizing the way this technology is managed to make it more operationally and economically viable.

Hydroelectric Development

In addition to BPA hydro purchases, the PUD takes 20% of the power from the 27.5 megawatt (MW) Packwood Hydroelectric Project. The PUD also self-generates a significant amount of clean, renewable hydropower. In 2011 we completed the successful Federal Energy Regulatory

Commission (FERC) relicensing of our 112 MW Henry M. Jackson Hydroelectric Project which also provides water supply to the City of Everett. The PUD also owns the .65 MW Woods Creek Hydroelectric Project.

In addition, the PUD is one of the few utilities in the nation that is aggressively developing new, small hydropower. Small, run-of-the-river hydropower projects can provide an important source of emissions free, renewable power. The PUD recently built the first hydropower project in Washington State in 20 years, and licensed two more projects in 2015 that are now under construction. The Youngs Creek Hydroelectric Project, which went online in 2011, is a 7.5 MW run-of-the-river facility generating enough power for about 1,500 homes. It received *Renewable Energy World* magazine's 2012 Hydro Project of the Year award and the 2012 American Society of Civil Engineer's Outstanding Achievement Award. The PUD's Calligan Creek and Hancock Creek Hydroelectric Projects, which received FERC licenses in 2015, are under construction. Calligan and Hancock are each 6 MW, run-of-the river renewable resource facilities.

The PUD currently is in the FERC preliminary permit process for the Sunset Fish Passage and Energy Project located on the South Fork Skykomish River. Sunset is proposed as a 30 MW, run-of-the-river renewable resource facility and is unique in that we have developed an innovative plan that utilizes natural water features to avoid the need for any dam, weir or other river barrier.

Need for Regulatory Improvements

We have proven that small hydropower projects can be built consistent with environmental values. However, the PUD's load will continue to grow and the PUD will need to find ways to meet this demand. The PUD's current portfolio of small hydropower projects consists of minimal impact projects which had been previously licensed by FERC. The PUD has consistently prioritized for development hydropower sites that would be low-impact. For the PUD to expand its portfolio, it is important to have a licensing process that works for a range of smaller projects.

Hydroelectric power is our nation's largest renewable. However, the negative stigma of a bygone era of dam-building with insufficient thought to fish, water quality, and the interests of Native American tribes has left a regulatory process that has swung too far in the other direction. In a modern era where we recognize the need for renewables and emissions free energy sources, it makes no sense to continue to subject hydropower development to a complicated, many years-long licensing and permitting process.

For new proposed projects, licensing and permitting delays mean increased costs and uncertainty, and can prevent low-impact, environmentally sustainable projects from ever being developed.

After 8 years of regulatory delays in a FERC pilot license process that was supposed to take 6 months to approve one of the first tidal energy projects in the Nation, the PUD was forced to shutter the project after costs escalated beyond our ability to fund it. In addition, project opponents were able to delay the project through the complex and overlapping federal and state environmental permitting processes to employ a strategy of "winning while losing." Now, the PUD is working on a free flowing, small hydroelectric project with no dam or impoundment located above natural fish passage barriers, yet we expect the process to take ten years, and face some of the same issues with overlapping regulations.

Proposed Solutions

The PUD advocates a more streamlined, coordinated licensing and permitting effort managed by FERC to add more structure and certainty to the process. Timelines for the hydropower licensing process need to be tightened in order to keep viable, low-impact projects from being dropped based on the up-front costs to complete studies and protracted federal and state permitting. For these reasons, the PUD supports the hydropower licensing improvements contained in the comprehensive energy bills, S. 2012 and H.R. 8. The PUD urges Congress to send legislation to the President's desk this year adopting these reforms.

Conclusion

How is a green utility supposed to meet load growth and demand, while also meeting the goal of being carbon-free? The PUD cannot meet even current demands solely through energy-efficiency and intermittent renewables. The PUD could have taken the easy route by building an efficient gas plant, which would have taken far less time than going through the FERC

hydropower licensing process. For the PUD to meet its environmental policies and goals, that process needs to be streamlined and improved. Otherwise, the PUD may find that its current policy of pursuing renewables in place of fossil fuels to be prohibitively costly with an associated level of uncertainty simply too high for a load-serving entity like Snohomish to effectively manage.

I appreciate the opportunity to relate Snohomish County PUD's experience and challenges in developing clean, renewable hydropower for our customers.