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| Bill no.:      | <u>Committee Print</u>                     |
| Amendment no.: | <u>6</u>                                   |
| Date offered:  | <u>3/19/03</u>                             |
| Disposition:   | <u>Agreed to by<br/>19 yeas and 9 nays</u> |

**AMENDMENT TO COMMITTEE PRINT**  
**OFFERED BY MR. SHADEGG**

Insert "Subtitle A—Alternative Conditions" before section 3001 and add the following at the end of title III:

**1 Subtitle B—Additional Hydropower**

**2 SEC. 3201. FINDINGS.**

3 The Congress finds that:

4 (1) The United States must increase its supply  
5 of energy to ensure a continuing prosperous econ-  
6 omy and high standard of life.

7 (2) We currently rely heavily on imports of en-  
8 ergy supplies from foreign nations and utilize large  
9 quantities of carbon fuels for electricity generation.

10 (3) Hydropower is a domestic energy source  
11 which currently produces 92,000 megawatts of elec-  
12 tricity per year, a figure representing 10 percent of  
13 the generation capacity in the United States.

14 (4) The Energy Information Agency estimates  
15 that, of the 75,000 dams in the United States, only  
16 2,400 or three percent of these dams currently  
17 produce electricity.

18 (5) The Energy Information Agency further es-  
19 timates that there are approximately 21,300  
20 megawatts of undeveloped capacity at existing dams.



1           (6) New technology allows this energy to be uti-  
 2           lized with little or no environmental effect by adding  
 3           new turbines to existing dams and improving the ef-  
 4           ficiency of existing turbines.

5           (7) Hydropower produces electricity without  
 6           producing hazardous waste or air pollutants.

7           (8) The 92,000 megawatts of electricity cur-  
 8           rently generated by hydropower avoid the annual  
 9           emission of 4.75 million tons of sulfur dioxide and  
 10          2 million tons of nitrous oxide by eliminating the  
 11          need to burn 345 million tons of coal.

12          (9) Hydropower is a renewable energy source  
 13          which, because of the natural hydrologic cycle, will  
 14          continue to be available in perpetuity.

15 **SEC. 3202. CONSTITUTIONAL AUTHORITY.**

16          The Constitutional authority on which this subtitle  
 17          rests is the power of Congress to make all laws which shall  
 18          be necessary and proper as enumerated in Article I, Sec-  
 19          tion 8 of the United States Constitution.  
 20 **SEC. 3203. HYDROELECTRIC PRODUCTION INCENTIVES.**

21          (a) **INCENTIVE PAYMENTS.**—For electric energy gen-  
 22          erated and sold by a qualified hydroelectric facility during  
 23          the incentive period, the Secretary of Energy (referred to  
 24          in this section as the "Secretary") shall make, subject to  
 25          the availability of appropriations, incentive payments to



1 the owner or operator of such facility. The amount of such  
2 payment made to any such owner or operator shall be as  
3 determined under subsection (e) of this section. Payments  
4 under this section may only be made upon receipt by the  
5 Secretary of an incentive payment application which estab-  
6 lishes that the applicant is eligible to receive such payment  
7 and which satisfies such other requirements as the Sec-  
8 retary deems necessary. Such application shall be in such  
9 form, and shall be submitted at such time, as the Sec-  
10 retary shall establish.

11 (b) DEFINITIONS.—For purposes of this section:

12 (1) QUALIFIED HYDROELECTRIC FACILITY.—

13 The term “qualified hydroelectric facility” means a  
14 turbine or other generating device owned or solely  
15 operated by a non-Federal entity which generates  
16 hydroelectric energy for sale and which is added to  
17 an existing dam or conduit.

18 (2) EXISTING DAM OR CONDUIT.—The term  
19 “existing dam or conduit” means any dam or con-  
20 duit the construction of which was completed before  
21 the date of the enactment of this section and which  
22 does not require any construction or enlargement of  
23 impoundment or diversion structures (other than re-  
24 pair or reconstruction) in connection with the instal-  
25 lation of a turbine or other generating device.



1           (3) CONDUIT.—The term “conduit” has the  
2           same meaning as when used in section 30(a)(2) of  
3           the Federal Power Act.

4 The terms defined in this subsection shall apply without  
5 regard to the hydroelectric kilowatt capacity of the facility  
6 concerned, without regard to whether the facility uses a  
7 dam owned by a governmental or nongovernmental entity,  
8 and without regard to whether the facility begins oper-  
9 ation on or after the date of the enactment of this section.

10          (c) ELIGIBILITY WINDOW.—Payments may be made  
11 under this section only for electric energy generated from  
12 a qualified hydroelectric facility which begins operation  
13 during the period of 10 fiscal years beginning with the  
14 first full fiscal year occurring after the date of enactment  
15 of this subtitle.

16          (d) INCENTIVE PERIOD.—A qualified hydroelectric  
17 facility may receive payments under this section for a pe-  
18 riod of 10 fiscal years (referred to in this section as the  
19 “incentive period”). Such period shall begin with the fiscal  
20 year in which electric energy generated from the facility  
21 is first eligible for such payments.

22          (e) AMOUNT OF PAYMENT.—

23           (1) IN GENERAL.—Payments made by the Sec-  
24 retary under this section to the owner or operator of  
25 a qualified hydroelectric facility shall be based on



1 the number of kilowatt hours of hydroelectric energy  
2 generated by the facility during the incentive period.  
3 For any such facility, the amount of such payment  
4 shall be 1.5 cents per kilowatt hour (adjusted as  
5 provided in paragraph (2)), subject to the avail-  
6 ability of appropriations under subsection (g), except  
7 that no facility may receive more than \$1,000,000 in  
8 one calendar year.

9 (2) ADJUSTMENTS.—The amount of the pay-  
10 ment made to any person under this section as pro-  
11 vided in paragraph (1) shall be adjusted for inflation  
12 for each fiscal year beginning after calendar year  
13 2003 in the same manner as provided in the provi-  
14 sions of section 29(d)(2)(B) of the Internal Revenue  
15 Code of 1986, except that in applying such provi-  
16 sions the calendar year 2003 shall be substituted for  
17 calendar year 1979.

18 (f) SUNSET.—No payment may be made under this  
19 section to any qualified hydroelectric facility after the ex-  
20 piration of the period of 20 fiscal years beginning with  
21 the first full fiscal year occurring after the date of enact-  
22 ment of this subtitle, and no payment may be made under  
23 this section to any such facility after a payment has been  
24 made with respect to such facility for a period of 10 fiscal  
25 years.



1 (g) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to the Secretary to carry  
3 out the purposes of this section \$50,000,000 for each of  
4 the fiscal years 2004 through 2013.

5 **SEC. 3204. HYDROELECTRIC EFFICIENCY IMPROVEMENT.**

6 (a) INCENTIVE PAYMENTS.—The Secretary of En-  
7 ergy shall make incentive payments to the owners or oper-  
8 ators of hydroelectric facilities at existing dams to be used  
9 to make capital improvements in the facilities that are di-  
10 rectly related to improving the efficiency of such facilities  
11 by at least 3 percent.

12 (b) LIMITATIONS.—Incentive payments under this  
13 section shall not exceed 10 percent of the costs of the cap-  
14 ital improvement concerned and not more than one pay-  
15 ment may be made with respect to improvements at a sin-  
16 gle facility. No payment in excess of \$1,000,000 may be  
17 made with respect to improvements at a single facility.

18 (c) AUTHORIZATION.—There is authorized to be ap-  
19 propriated to carry out this section not more than  
20 \$50,000,000 in each fiscal year after the fiscal year 2003.

21 **SEC. 3205. SMALL HYDROELECTRIC POWER PROJECTS.**

22 Section 408(a)(6) of the Public Utility Regulatory  
23 Policies Act of 1978 is amended by striking "April 20,  
24 1977" and inserting "March 4, 2003".



1 **SEC. 3206. INCREASED HYDROELECTRIC GENERATION AT**  
2 **EXISTING FEDERAL FACILITIES.**

3 (a) IN GENERAL.—The Secretary of Energy, in con-  
4 sultation with the Secretary of the Interior and Secretary  
5 of the Army, shall conduct studies of the cost-effective op-  
6 portunities to increase hydropower generation at existing  
7 federally-owned or operated water regulation, storage, and  
8 conveyance facilities. Such studies shall be completed with-  
9 in two years after the date of enactment of this subtitle  
10 and transmitted to the Committee on Commerce of the  
11 House of Representatives and the Committee on Energy  
12 and Natural Resources of the Senate. An individual study  
13 shall be prepared for each of the Nation's principal river  
14 basins. Each such study shall identify and describe with  
15 specificity the following matters:

16 (1) Opportunities to improve the efficiency of  
17 hydropower generation at such facilities through, but not  
18 limited to, mechanical, structural, or operational  
19 changes.

20 (2) Opportunities to improve the efficiency of  
21 the use of water supplied or regulated by Federal  
22 projects where such improvement could, in the ab-  
23 sence of legal or administrative constraints, make  
24 additional water supplies available for hydropower  
25 generation or reduce project energy use.



1           (3) Opportunities to create additional hydro-  
2 power generating capacity at existing facilities  
3 through, but not limited to, the construction of addi-  
4 tional generating facilities, the uprating of genera-  
5 tors and turbines, and the construction of pumped  
6 storage facilities.

7           (4) Preliminary assessment of the costs and the  
8 economic and environmental consequences of such  
9 measures.

10          (b) PREVIOUS STUDIES.—If studies of the type re-  
11 quired by subsection (a) have been prepared by any agency  
12 of the United States and published within the five years  
13 prior to the date of enactment of this subtitle, the Sec-  
14 retary of Energy may choose not to perform new studies  
15 and incorporate the information in such studies into the  
16 studies required by subsection (a).

17          (c) AUTHORIZATION.—There is authorized to be ap-  
18 propriated such sums as may be necessary to carry out  
19 the purposes of this section.

          And make the necessary conforming changes in the  
table of contents.

