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ALASKA HYDROPOWER FOR CALIFORNIA

Benefits for both States

The state of Alaska is currently stranded and not connected to the North American grid. In addition, most Southeast Alaska communities are isolated from each other and must rely on expensive diesel generation for energy. Energy from diesel fuel currently exceeds 50 cents per kWh. All communities must maintain back up diesel generation and tank farms. Diesel fuel is barged up from Seattle. The few communities with hydropower resources can not fully utilize the resource because production exceeds load.

The plan is to connect Southeast Alaska communities together with an Intertie to reduce fuel oil dependency, pollution and environmental risk. The Southeast Intertie will support the development of new hydropower resources. The Southeast Intertie will be connected with the North American grid through the British Columbia Transmission Corporation system. The Federal government has authorized the expenditure of 384 million dollars or 80% of the cost to interconnect the Southeast Alaska communities. Maintenance for the Southeast Intertie will come from wheeling fees, from new and existing hydropower facilities that will export surplus energy. Connecting Alaska to the North American Grid will create more competition in the renewable energy market.

The Benefits

Southeast Alaska: The Intertie and exported energy would provide jobs and revenue to a depressed region of our country. Communities in SE Alaska can then decommission existing diesel generating plants and tank farms, serve their customers with renewable energy, and lower their retail rates. This plan would eliminate air and potential water pollution, costly tank maintenance and spill liability, and most important reduce the nation's dependence on fossil fuels.

British Columbia: The interconnection will strengthen the BCTC system, and provide energy and system reliability to its north west region. The new connection will allow for several billion dollars of mining activity to proceed, which brings jobs and revenue to the BC economy. The addition of Alaska hydropower reduces line losses to BCTC system.

California: California would be the ultimate benefactor of Alaska's abundance of clean renewable hydropower. The seasonal energy shape of Alaska hydropower is predominantly in the summer months, which matches California's peak demand period. The acquisition of Alaska hydropower is an investment in California's future. The cost of hydropower is predictable and relatively level 30+ years out, and is not effected by the world price of fossil fuels.

There should be different rules for Renewables Portfolio Standard (RPS) and Supplemental Energy Payments (SEP). California taxpayers subsidize SEP payments, therefore should be able to decide how and where to spend their money. Placing limitations on projects that receive SEP money so California taxpayers only subsidize California projects, or projects that satisfy California law is understandable.

However, the RPS is designed to increase renewable energy delivered to California utilities in an effort to reduce California's independence on fossil fuels, reduce greenhouse gas emissions in California, and allow California to invest in its future. Renewable energy projects typically have high initial costs, but O & M remain essentially flat over time. Energy from a renewable project would cost substantially less than the projected cost of a thermal project 20 to 30 years from now. By investing in a renewable energy project, California is investing in its future. Adding renewable hydroelectric projects from Alaska under California's RPS would accomplish that.

The California Energy Commission and the California PUC would still have the last say in accepting renewable projects through its Market Price Referent limit. Above the Market Price Referent, the SEP and its requirements would take effect.

The PUBLIC UTILITIES CODE SECTION 399.12 Sub (a) (1) (3) should be interpreted to mean only in-state facilities. The California PUC and state Division of Water Resources can only regulate water in California, not with other states. We would like to have the CEC go back to the DWR and confirm that the DWR can only regulate water and hydropower projects in California and not other states. Certainly the California PUC did not pass a law that restricts the construction of renewable projects in other states.

To construct a new hydropower project in United States requires a FERC license, or equivalent. New federal regulations give various government Agencies and the USFS mandatory conditioning to the FERC license. The public and interveners also get a voice in the new project. By the time the project is licensed, it would be considered "green."

To accomplish California's desire to obtain more renewable energy projects, we are requesting the California Energy Commission revise its Renewables Portfolio Standard Eligibility Guidebook, page 12, **Hydroelectric Facilities Located Outside of California** as follows:

In the first paragraph, first sentence, replace "RPS or RPS and SEPs" with "SEPs".

In the second paragraph, replace "RPS and SEPs" with "SEPs" in three locations.

Replace the third paragraph in its entirety starting with "The applicant..." with the following paragraph three:

> To qualify a new or repowered small hydroelectric facility located outside of California after September 12, 2002 requires a FERC license, or exemption as defined by FERC. A new or repowered hydroelectric project shall also meet one of the following:
>
> 1. New run-of-the-river hydroelectric project of any size.
> 2. New storage hydroelectric project if the storage dam is not higher than 15 feet above the natural stream course or previously impounded body of water.
> 3. New or repowered generation on an existing dam of any size that was in place prior to September 12, 2002.

Delete the fourth paragraph in its entirety to not place a limit on size of the hydroelectric facility.

The **Green-e** website under the **Green-e** Dictionary says the following:
"The energy produced from flowing water is the oldest and most readily available form of renewable energy. While all forms of hydropower are renewable, not all facilities qualify as **Green-e**. Currently only small hydro and certified Low Impact Hydro facilities qualify. **Green-e** defines small hydro as dams 30 megawatts or less in size. Hydropower facilities that have been certified by the Low Impact Hydropower Institute (**LIHI**), regardless of size also qualify for **Green-e**, beginning in 2001 in California and 2002 in all other states. The **LIHI** criteria for certifying dams takes into account the environmental impacts of the hydropower plants."

Note that the justification for no size limit is that other renewable sources of energy do not have a size limit attached to them. It is possible that a 100 MW hydroelectric facility would have less environmental impacts than a 100 MW wind project. There are other small hydroelectric projects that have less environmental impacts at 45 MW then the same project at 30 MW. If for some reason an upward limit were to be imposed on hydroelectric projects, then the limit should be raised to a minimum of 100 MW. Maybe **LIHI** could set the standard instead of 30 MW limit.

The **Green-e** website under Standards says the following:
"In California

- Only facilities that are certified as low impact by **LIHI** are eligible. **Green-e** considers **LIHI** certification to be stricter than the 30-MW capacity hydro standard in the California state RPS."

The National Hydropower Association website says the following:
"We at National Hydropower Association sincerely believe that when you consider all the facts about our need for energy and for protecting the environment, hydropower is far and away a vital, sustainable energy resource for our planet."

The PUBLIC UTILITIES CODE SECTION 399.11 (b) says the following:
"Increasing California's reliance on renewable energy resources may promote stable electricity prices, protect public health, improve environmental quality, stimulate sustainable economic development, create new employment opportunities, and reduce reliance on imported fuels."

We would like to be part of California's energy solution in its desire to increase renewable energy to 20%, and higher.

Sincerely,

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