



# PRESERVING AND ENHANCING THE EXISTING HYDROPOWER FLEET

## BIPARTISAN, BICAMERAL INVESTMENT TAX CREDIT FOR ENVIRONMENTAL AND SAFETY UPGRADES AT HYDROPOWER FACILITIES

### **CHALLENGE: THE TAX CODE FAILS TO ENCOURAGE ENVIRONMENTAL AND SAFETY UPGRADES AT EXISTING HYDROPOWER FACILITIES**

While Congress recently supported the water power industry, creating tax credits for *new* hydropower and pumped storage projects, it failed to address the maintenance needs of our nation's *existing* hydropower fleet, which provides an impressive 102 GW of clean, reliable, and dispatchable electricity to the grid. Most hydropower facilities in the U.S. are over 50 years old and require updates to ensure safety, maintain efficiency, and enhance grid resilience.

Key hydropower investments, such as new fish passage to help enhance aquatic ecosystems or structural upgrades to ensure the safety of dams, are not supported by the existing tax code. The lack of policy support for vital new investments at existing hydropower facilities threatens this critical source of clean energy. To compete equitably with other non-emitting energy resources and to reach our nation's climate targets, existing hydropower needs tax parity.

### **SOLUTION: AN INVESTMENT TAX CREDIT THAT PROMOTES SOCIETAL BENEFITS AT EXISTING HYDROPOWER FACILITIES**

Congress should support the *Maintaining and Enhancing Hydroelectricity and River Restoration Act of 2023* - S. 2994 and H.R. 6653. This bipartisan, bicameral legislation creates a new 30% investment tax credit (ITC) to incentivize environmental improvements and dam safety upgrades at existing hydropower facilities, as well as a 30% ITC to remove obsolete river obstructions, with dam owners' consent. This tax credit will:

- **Preserve Existing Renewable Energy Production:** In 2022, hydropower comprised nearly 29% of total renewable energy generation in the U.S. and roughly 6% of the nation's overall electricity generation. Hydropower generates energy on demand and fills in energy gaps for intermittent renewable energy sources, like wind and solar, allowing for greater integration of these resources onto the power grid.
- **Promote Grid Reliability:** Existing hydropower provides the U.S. with 40% of its "black start" capabilities, which are necessary to restart the grid following a major outage. Extreme weather events are becoming more common, and hydropower facilities can quickly respond to grid changes to help the grid recover and come back online following a disruption.
- **Enhance Dam Safety and Aquatic Ecosystems:** This legislation supports local efforts to remove obsolete river obstructions, with dam owners' consent, empowering communities to address infrastructure that no longer benefits society or serves its intended purpose. Eligible investments also include adding fish-friendly infrastructure, managing river sediment to improve habitat, upgrading or replacing floodgates and spillways, maintaining and improving water quality, and improving public use of and access to public waterways impacted by existing dams.