



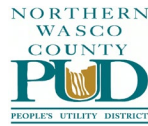
CHELAN COUNTY



SNOHOMISH COUNTY



PUBLIC UTILITY DISTRICT NO. 1



NORTHERN  
WASCO  
COUNTY  
PUD  
PEOPLES UTILITY DISTRICT



Seattle City Light



TACOMA POWER  
TACOMA PUBLIC UTILITIES

Senator Ron Wyden  
United States Senate  
221 Dirksen Senate Office Building  
Washington, DC 20510

Senator Jeff Merkley  
United States Senate  
531 Hart Senate Office Building  
Washington, DC 20510

Senator Patty Murray  
United States Senate  
154 Russell Senate Office Building  
Washington, DC 20150

Senator Maria Cantwell  
United States Senate  
511 Hart Senate Office Building  
Washington, DC 20510

**Re: Hydropower’s Absence in Reconciliation Undermines the Pacific Northwest’s Economic Outlook**

Dear Senators Wyden, Merkley, Cantwell and Murray,

As hydropower asset owners in Pacific Northwest, thank you for your leadership in fighting to preserve and enhance existing zero-carbon hydropower in the Build Back Better reconciliation package. We are deeply concerned that the glaring absence of federal support for existing hydropower and pumped storage in the reconciliation package, as released by the House Rules Committee on October 28<sup>th</sup>, could undermine our region’s economic competitiveness, which relies on clean, flexible, affordable hydropower.

Nearly half of the Northwest’s total electricity production comes from existing hydropower facilities. As Congress considers tax measures to decarbonize the nation’s electricity grid, we urge inclusion in reconciliation of the bipartisan Cantwell-Murkowski “3R” tax credit, S.2306, to modernize the fleet of existing baseload hydropower and pumped storage. Specifically, the measure would establish a 30% Investment Tax Credit (ITC), with a direct pay option for public power, to incentivize grid resiliency upgrades, environmental improvements, dam safety enhancements and removal of dams determined by the owner to be obsolete. This tax proposal is part of a broader effort to address the nation’s 90,000 dams through the 21<sup>st</sup> Century Dam Act, which gained historic support from industry, river, environmental, climate, and dam safety groups.

Investing in the existing fleet of hydropower and pumped storage facilities is critical to avoid going backwards on climate. Without the CEPP or other federal support, many of these facilities that provide the flexibility needed to operate a grid with variable wind and solar are at risk of premature decommissioning. Nationally, licenses for 281 hydropower facilities will expire by 2030, including 32 in the Pacific Northwest, accounting for 1,833 MW of capacity in the region. On average, relicensing a hydropower facility takes 7 years and the paperwork costs \$3.5 million, which does not include the costs of new turbines, fishways, or dam safety improvements.

Hydropower is the renewable energy resource that has the unique ability to balance the grid when the sun isn’t shining, and the wind isn’t blowing. We look forward to working with you and your staff to ensure that the reconciliation package includes provisions critical to maintaining and enhancing baseload, flexible, carbon-free hydropower and pumped storage.

Thank you for your consideration.