

UNITED STATES OF AMERICA
Before the
FEDERAL ENERGY REGULATORY COMMISSION

Safety of Water Power Projects and Project Work)
Notice of Proposed Rulemaking)

Docket No. RM20-9-000

COMMENTS OF ALASKA POWER ASSOCIATION

Thank you for the opportunity to file comments on the Federal Energy Regulatory Commission's Notice of Proposed Rulemaking to update its hydropower project safety regulations. Alaska Power Association (APA) is the statewide trade association for electric utilities in Alaska. Our members provide power to more than a half-million consumers from Utqiagvik to Unalaska, throughout the Interior and Southcentral, and down the Inside Passage.

Along with the comments provided below, APA also supports comments from the National Hydropower Association and from the Alaska electric utilities that file comments under this docket. Comments from Alaska electric utilities will be more specific in addressing how these proposed regulations will impact operations and budgets.

Many of APA's members rely on hydropower as an alternative to costly diesel fuel in the remote areas where they provide power. The APA Hydropower Working Group, comprised of our hydro-owning electric utility members, reviewed the proposed dam safety regulation changes from FERC. Taking into consideration the unique circumstances Alaska's electric utilities operate under, including their small size compared to many Lower 48 hydro-owning electric utilities, APA offers the following comments on the NOPR.

Comments:

Under the changes proposed to dam safety in this NOPR, FERC is applying a one-size-fits-all solution for hydroelectric projects that vary in age, construction, maintenance programs, ownership, and risk to the public. This situation puts an unfair burden on smaller-sized projects and will have a large impact on the cost of power in Alaska communities with a small number of ratepayers.

APA has addressed this to FERC before. In October 2019, APA wrote to FERC Chairman Neal Chatterjee offering recommendations for changes to the timelines of inspections and reports required under dam safety regulations.

While we respect and recognize the need for safety inspections and other types of reporting, and while our members focus numerous resources on safety, the voluminous increase in reporting requirements has become a significant burden on Alaska's electric utilities, many of which are operating with a small workforce when compared to larger, Lower 48 power companies.

There are many hydroelectric sites in Alaska that have operated for decades (some more than 100 years) without incident or negative developments. Even with a long track record of safe and consistent operations, these sites are still subject to reporting timelines that newly developed hydroelectric projects must follow. The burden from these inspections and reports to a small electric utility can consume a significant amount of the annual operations budget. This places an undue burden on ratepayers who must shoulder these costs.

When promulgating hydropower regulations, FERC should consider the unique circumstances of Alaska. The state is not connected to the national grid, our construction season is much shorter than many areas of the United States, and the remote nature of Alaska's communities provide logistical and financial challenges that do not exist elsewhere in the country.

In FERC Docket: RM20-9-000, FERC has stated that the "proposed revisions to subpart D may have some increased economic impact on a limited number of small entities, these improvements to the independent safety inspection process are necessary, and the associated costs justified..." However, the main example cited for these revisions is Oroville Dam, which is a very large project with the potential to impact a very large area. FERC should consider the size and type of project, history of compliance with dam safety regulations, and ownership history when instituting new regulations.

FERC also asserts that a representative cost for a typical small entity would be approximately \$2,500 per year. A typical Part 12 inspection presently costs between \$50,000 and \$100,000, depending what additional studies are requested by FERC. Additionally, the Part 12 inspection recommendations often result in additional studies and analysis which can double the cost of the initial inspection report. The licensee must pay for those studies and analyses but also pay the Independent Consultant to review the document before submitting it to FERC. In addition to the Part 12 costs, licensees have additional annual operating costs for personnel training specific to dam safety and costs for maintenance and inspection of project features and public safety equipment.

Most hydropower projects in Alaska provide power to small utilities in communities of low population compared to areas of the country served by large hydropower facilities. This creates an unfair situation where Alaska ratepayers are penalized when regulations do not consider the specific conditions under which Alaska electric utilities provide power. Besides the six utilities on the Railbelt electric system, which runs from Homer to Fairbanks, electric utilities that generate power from hydro assets are largely islanded grids without the ability to purchase power from other regions of the state.

The proposed regulations require inspections to be performed by a team of consultants, all of whom must travel to a hydropower facility site for the inspection. The NOPR states that “A representative cost for a typical small entity with one or more simple projects would be approximately \$2,500 per year per project...”

Again, APA disagrees with this analysis. This estimate from FERC is significantly lower than the actual potential impact for a simple project in Alaska. The costs to travel to Alaska including travel time and expenses coupled with the project transport, which is often by helicopter, increases with the number of people participating in the inspection. One hour of helicopter charter alone can cost \$2,500. The true cost of these proposed rules, depending how they are applied by the Regional Engineer, could double the Part 12 costs for a small project. If all studies pertaining to a project must be updated for consistency with the current state of the practice of dam engineering, those costs could be even higher.

Conclusion:

APA requests that FERC revise the proposed regulations in this NOPR to reflect the true cost on Alaska’s hydropower-owning electric utilities. Revised regulations should take into consideration travel expenses incurred to bring independent consultants to a project site (including the cost of remote travel that is affected by weather and other delays), the small size of hydroelectric projects in Alaska, and the small ratepayer base when compared to Lower 48 electric utilities.

Ideally, Alaska would be exempt from these proposed regulations and allowed to remain under the currently existing regulations. This would continue FERC’s safety requirements without the increased costs that will inevitably come from the proposed regulations in this NOPR.

As APA noted in the October 2019 letter to Chairman Chatterjee, our intent is to alleviate the regulatory burden without compromising safety.

Please feel free to contact APA with any questions.

Respectfully Submitted,
ALASKA POWER ASSOCIATION



By _____
Crystal Enkvist
Executive Director
Alaska Power Association
703 W. Tudor Road, Suite 200
Anchorage, AK 99503
907-771-5703