

California/Canada RPS Hydro Issues

Joint Public Advisory Committee
Commission for Environmental
Cooperation

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US Legal Jurisdiction Over Electricity

State Regulatory Commissions (PUC/PSC/PSB)

- For Retail Rates
- RPS Regulations (if written carefully)

Federal Energy Regulatory Commission (FERC)

- For Wholesale Rates
- Approval of recovery of transmission costs in rates

California/RPS Hydro Facts

- Hydro is eligible for CA RPS if:
 - <30 MW size limit (incremental efficiency improvements OK after January 1, 2008)
 - If operational before 2006, had previous contract with CA retail seller
 - Does not cause adverse impact on beneficial uses (e.g. Low Impact Hydro Institute (LIHI) certification)
 - Must be in-state or meet out-of-state requirements
- 28 other state RPS programs

Purpose of Policies

Purpose of RPS Policies:

- Create market for Renewables
- Environmental benefits (esp. GHG ↓)
- State/Provincial/Local Economic Development
- Energy Diversity and reliability

Hydro RPS Issues

- RPS is an “energy-based” policy
 - Large quantities of Hydro causes problems for other RE (e.g. long-term contracts) due to resource variability
- Transmission is major RPS problem – for Canadian Hydro this is a really BIG problem
- RPS Premium for mature technology
- Environmental Impacts (LIHI)
- Run-of-River hydro

Mitigating Policies

- California Loading Order
- Emission limits on power acquisitions
- California GHG Cap & Trade Policy
- Potential Western Regional GHG Reduction Program