

The Honorable Charles Schumer
Senate Majority Leader

The Honorable Mitch McConnell
Senate Minority Leader

The Honorable Nancy Pelosi
Speaker of the House of Representatives

The Honorable Kevin McCarthy
House Minority Leader

The Honorable Ron Wyden
Chairman of Senate Finance
Senate

The Honorable Michael Crapo
Ranking Member of Senate Finance
Senate

The Honorable Chairman Richard E. Neal
Chairman
Committee on Ways & Means
House of Representatives

The Honorable Kevin Brady
Ranking Member
Committee on Ways & Means
House of Representatives

Re: A 30% ITC For Maintaining & Enhancing Hydropower Is Critical to Address Climate Change and Advance Clean Energy

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Pelosi, Minority Leader McCarthy, Chairman Wyden, Ranking Member Crapo, Chairman Neal and Ranking Member Brady:

Hydropower is an essential part of a diverse and affordable electricity grid that has the unique ability to balance a clean energy grid when the sun isn't shining, and the wind isn't blowing. As Congress considers tax measures to reduce emissions from the nation's energy sector, we urge action in Reconciliation on the pending bipartisan, bicameral proposal to preserve and enhance the fleet of existing hydropower dams (S.2306 by Senators Cantwell and Murkowski and H.R.4499 by Rep. DelBene and Young).

This tax proposal is part of a broader effort, the 21st Century Dam Act, to address the nation's 90,000 dams. A diverse cross-section of dam safety groups, river conservation organizations, and hydropower industry has come together in a historically unprecedented manner to advance public safety from deficient dams, the clean energy and electricity storage benefits of hydropower, and the environmental, safety, and economic benefits of healthy rivers.

The National Hydropower Association and our member companies jointly sign on to this letter to highlight the importance of a 30% Investment Tax Credit (ITC) to maintain and enhance the existing fleet of hydropower facilities, specifically focused tax incentives for environmental improvements, dam safety enhancements, and grid resiliency measures, as well as a separate 30% ITC to remove obsolete river obstructions.

Maintaining America's existing hydropower capacity is a key component of any successful effort to reduce electricity sector greenhouse gas emissions by 2035 and this targeted tax proposal would:

- Maintain and improve the existing hydropower fleet, including upgrades to qualifying non-powered dams, will reduce cumulative GHG emissions by 5.1 billion metric tons by 2050 and create 195,000 jobs according to the 2016 DOE Hydropower Vision Study.
- Improve the performance of the existing fleet of more than 80 gigawatts of hydropower and 23 gigawatts of pumped storage capacity, some of which is at risk of shutting down in the next decade.
- Encourage earlier upgrades and installation of state-of-the-art environmental systems and other innovative technologies, that otherwise may not be economically justified.

In addition, NHA appreciates and supports provisions that we understand are currently in the Reconciliation process to extend the existing section 45 hydropower tax credits for 10 years and make it clear that the baseloads, including hydropower are eligible for the full credit and with a direct payment option, and the enactment of an energy storage tax credit to promote pumped storage and other storage technologies.

We look forward to working with you and your staff during this historic time to address climate change and increase hydropower investments at qualifying facilities, a critical component in the climate solution.

Thank you for your consideration.



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