

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Rescind the Subsequent Referral to the Committee on Ways and Means
<b>Vote:</b>	5 - 0 - 2
<b>Yeas:</b>	Beyer, Cannon, Jenson, Macpherson, Dingfelder
<b>Nays:</b>	-
<b>Exc.:</b>	Burley, Smith G.
<b>Prepared By:</b>	Cat McGinnis, Administrator
<b>Meeting Dates:</b>	3/19, 4/2, 4/9, 4/11

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**WHAT THE MEASURE DOES:** Allows a water right holder to apply to the Water Resources Department (WRD) through an expedited application process for a certificate to appropriate water for hydroelectric purposes within an artificial water delivery system under an existing water right if the proposed hydroelectric project qualifies for a Federal Energy Regulatory Commission (FERC) exemption. Specifies required application materials, including a \$500 application processing fee applicable to the standard application process if the project fails to qualify for the expedited process. Authorizes WRD to issue a certificate appropriating water for the hydroelectric purposes after notice to the Department of Fish and Wildlife and a 30-day public comment period and based on a determination that the project is not detrimental to the public interest. Allows for contested case hearing if project is determined to be detrimental to the public interest. Specifies requirements for the certificate. Requires holder of a certificate to pay an annual fee for each hydroelectric project as described in ORS 543.078. Requires WRD to publish weekly, in a WRD publication, notice of any such certificates issued. Takes effect January 1, 2008.

**ISSUES DISCUSSED:**

- Use of existing water right for non-consumptive additional use
- Number of existing hydroelectric projects that would qualify for the expedited application process
- Governor's plan for renewable energy and incentives for non-consumptive water use for renewable energy

**EFFECT OF COMMITTEE AMENDMENT:**

- Clarifies bill applies to projects in man-made water conveyance systems only, not in natural streams
- Clarifies bill creates no new water right, diversion right or priority date
- Ties hydropower certificate to FERC exemption; invalidates hydropower right if FERC exemption withdrawn
- Directs that fees for hydropower certificate be deposited in WRD Hydroelectric Fund
- Describes public notice and comment process
- Credits \$500 application fee for expedited process toward regular application process if applicant fails to qualify for expedited process
- Requires measurement and reporting of quantity of water diverted
- Requires review of hydropower water right after 50 years

**BACKGROUND:** Currently, applications for WRD certificates for hydroelectric projects placed in existing water delivery systems are reviewed by several state agencies, including the Water Resources Department, the Department of Environmental Quality, the Oregon Department of Fish and Wildlife and the Oregon Parks and Recreation Department, under a consolidated review process. Applicants answer questions regarding resource protection and impacts associated with the new proposed use. After agency review of the application, a contested case hearing is held to determine if the project meets statutory and rule standards, and a hydroelectric right is issued if standards are met. The application process may take several months and costs approximately \$1,000. Annual fees for the hydroelectric use are based on the generating capacity of the project. To be eligible for the proposed expedited WRD application process, a hydroelectric project must receive a Federal Energy Regulatory Commission (FERC) exemption, which is granted only to hydroelectric projects with a generating capacity less than five megawatts.

4/18/2007 11:28:00 AM

*This summary has not been adopted or officially endorsed by action of the committee.*