



LC658: Hydroelectric Program Fee Structure

Background

Annual fees for non-federal hydroelectric projects were first established in 1911 and last updated in statute in 1999. The annual fees are necessary to ensure that current staffing levels, activities and funding are appropriate to fulfill the objectives of the hydroelectric programs of the Oregon Department of Environmental Quality (ODEQ), Oregon Department of Fish and Wildlife (ODFW), and the Oregon Water Resources Department (OWRD).

Hydroelectric projects are owned by public and private utilities, municipalities, and private citizens. Currently, projects greater than 123.5 theoretical horsepower (THP) pay annual fees based on the theoretical horsepower capacity of the project. Once a project has been relicensed, fees increase based on an established inflation factor and are adjusted by the Hydroelectric Fee Review Panel, which meets every eight years. Annual fees for relicensed projects were \$0.605/THP for the year 2020. Annual fees for projects that have not been relicensed are generally \$0.28/THP and can only be modified through legislation. Finally, projects less than 123.5 THP pay minimum flat annual fees; between \$15 and \$50 year, depending on relicensing status and size.

The current fee structure is complicated and leads to a large fee increase after a project undergoes the relicensing process. Some projects have not experienced a fee increase since 1999, and others have seen increases annually, leading to disparities between fee payers. Furthermore, ODFW and ODEQ are expecting shortfalls that will result in them not being able to maintain current service levels in the coming biennium. OWRD also projects a potential shortfall.

What the bill does

The agencies propose to simplify annual fees paid by hydroelectric projects in order to maintain current service levels at OWRD, ODFW, and DEQ. This bill proposes to equalize the annual fee rates for large projects (greater than 123.5 THP) with all projects paying the same fee, starting at 2020 base rate of \$0.687/THP. Fees for large projects are adjusted by an inflation factor. The bill requires that a Fee Review Panel convene at least once every eight years in order to reduce or increase the annual fee for large projects based on programmatic needs and as the agencies' hydroelectric project portfolio shifts over time. The bill will also standardize fees for small projects less than 15 THP at \$15/year and for projects between 15 THP and 123.5 THP at \$50/year.

These fees are projected to result in a \$1,287,004 revenue increase for the 2021-2023 biennium: \$238,559 to OWRD; \$681,381 to ODFW; and \$367,064 to ODEQ.

Staff Contacts

Oregon Department of Environmental Quality

Annalisa Bhatia, Senior Legislative Advisor
503-734-4080 / Annalisa.Bhatia@state.or.us
Rian vanden Hooff, Senior Policy and Legislative Analyst
971-255-7267 / Rian.Hooff@state.or.us

Oregon Department of Fish and Wildlife

Shannon Hurn, Deputy Director
503-947-6072 / Shannon.M.Hurn@state.or.us

Oregon Water Resources Department

Racquel Rancier, Policy Manager
503-302-9235 / Racquel.R.Rancier@oregon.gov
Bryn Hudson, Legislative Coordinator
503-302-7584 / Bryn.Hudson@oregon.gov