



WESTERN GOVERNORS' ASSOCIATION

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May 1, 2017

Honorable Greg Walden, Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Honorable Frank J. Pallone, Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2322A Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Walden and Ranking Member Pallone:

Western Governors recognize the importance of renewable energy sources, including hydropower, as critical components of an all-of-the-above national energy portfolio. The West accounts for nearly 70 percent of the nation's hydroelectric power generation, and the Pacific Northwest is the nation's largest hydropower-producing region. Western Governors support improving the efficiency of existing hydropower systems and increasing the amount of electricity generated from new, retrofitted, or relicensed hydroelectric facilities.

States are vested with primary authority to manage water within their borders, and they have the authority to develop, use, control and distribute water resources within their boundaries. As expressed in section B(1)(a) of WGA Policy Resolution 2015-08, *Water Resource Management in the West* (attached):

While the Western Governors acknowledge the important role of federal laws such as the Clean Water Act, the Endangered Species Act and the Safe Drinking Water Act, nothing in any act of Congress or Executive Branch regulatory action should be construed as affecting or intending to affect states' primacy over the allocation and administration of their water resources.

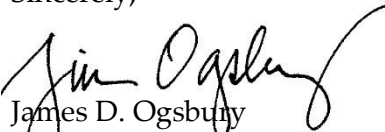
Western Governors are concerned about provisions in Section 34, "Hydropower Licensing and Process Improvement" of the proposed *Hydropower Policy Modernization Act of 2017*. Portions of the language included in the published discussion draft of this proposal are identical to language of Subtitle B, "Hydropower Regulatory Modernization" of the proposed North American Energy Security and Infrastructure Act of 2015 (H.R. 8).

Honorable Greg Walden
Honorable Frank J. Pallone
May 1, 2017
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On July 18, 2016, Governor Steve Bullock and Governor Dennis Daugaard provided correspondence (attached) to the Committee, expressing the Western Governors' concerns over the language included in Subtitle B of H.R. 8, which would have designated the Federal Energy Regulatory Commission (FERC) as lead agency for all hydropower authorizations, approvals, and requirements mandated by federal law, including hydropower facility licenses and amendments, as well as all permits, special use authorizations, certifications, and opinions. The Governors requested that this language be removed or amended so that existing state hydropower licensing authorities are not replaced, or in any way impeded, by FERC jurisdiction.

Western Governors request that the language in Section 34 of the proposed *Hydropower Policy Modernization Act of 2017* be removed or amended so that states' existing hydropower licensing authorities are in no way usurped by FERC jurisdiction. Thank you for your attention to this important matter.

Sincerely,


James D. Ogsbury
Executive Director

Enclosures



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July 18, 2016

Honorable Fred Upton, Chairman
Energy and Commerce Committee
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

Honorable Frank J. Pallone, Jr., Ranking Member
Energy and Commerce Committee
U.S. House of Representatives
2322A Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Upton and Ranking Member Pallone:

Western Governors recognize the importance of renewable energy sources, including hydropower. The West accounts for nearly 70 percent of the nation's hydroelectric power generation, and the Pacific Northwest is the nation's largest hydropower-producing region. Western Governors support improving the efficiency of existing hydropower systems and increasing the amount of electricity generated from new, retrofitted, or relicensed hydroelectric facilities.

Western Governors are concerned about provisions in Subtitle B: Hydropower Regulatory Modernization of the *North American Energy Security and Infrastructure Act of 2015* ([H.R. 8](#)). This subtitle would designate the Federal Energy Regulatory Commission (FERC) as lead agency for all hydropower authorizations, approvals and requirements mandated by federal law, including hydropower facility licenses and amendments, as well as all permits, special use authorizations, certifications, and opinions.¹

States are vested with authority to manage water within their borders, and they have the right to develop, use, control and distribute surface water and ground water within state boundaries. As expressed in section B(1)(a) of WGA Policy Resolution [2015-08](#): *Water Resource Management in the West* (attached for your reference):

¹ *North American Energy Security and Infrastructure Act of 2015*, Section 1203(a)(1) and (2).

While the Western Governors acknowledge the important role of federal laws such as the Clean Water Act, the Endangered Species Act and the Safe Drinking Water Act, nothing in any act of Congress or Executive Branch regulatory action should be construed as affecting or intending to affect states' primacy over the allocation and administration of their water resources.

We understand that members of the hydropower industry have expressed concern that state licensing processes generally, and state water quality certifications under section 401 of the Clean Water Act specifically, can be overly time-consuming.

It is crucial, however, that state water quality certifications and other necessary state procedures be undertaken in a careful, deliberate manner. Hydropower licenses may have a term in excess of 50 years, and those rights granted in a hydropower license directly affect the quality and quantity of state water, state wildlife and other resources.

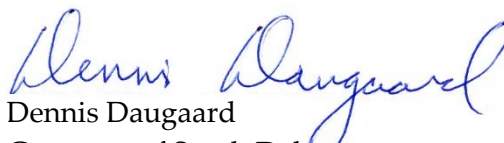
We note also that western states have taken proactive steps to reduce hydropower licensing and relicensing timelines and initiated programs that increase intra-state agency coordination and coordination between states, project proponents and federal partners. These efforts have proven effective at reducing licensing and relicensing timelines, while also ensuring protection of water and other state resources.

Western Governors request that language in Subtitle B of H.R. 8 be removed or amended so that existing state hydropower licensing authorities are not replaced or in any way impeded by FERC jurisdiction. Western Governors request that the Energy and Commerce Committee and the U.S. House of Representatives take these concerns into account as resolution of the differences between H.R. 8 and the Senate's *North American Energy Security and Infrastructure Act of 2016* ([S. 2012](#)) is pursued.

Sincerely,



Steve Bullock
Governor of Montana
Chair, WGA



Dennis Daugaard
Governor of South Dakota
Vice Chair, WGA

cc: Honorable Mitch McConnell, Senate Majority Leader
Honorable Harry M. Reid, Senate Minority Leader
Chairwoman Lisa Murkowski, Senate Committee on Energy and Natural Resources
Ranking Member Maria Cantwell, Senate Committee on Energy and Natural Resources



WESTERN
GOVERNORS'
ASSOCIATION

**Western Governors' Association
Policy Resolution 2015 - 08**

Water Resource Management in the West

A. BACKGROUND

1. Water is a crucial resource for communities, industries, habitats, farms, and Western states. Clean, reliable water supplies are essential to maintain and improve quality of life. The scarce nature of water in much of the West makes it particularly important to our states.
2. States are the primary authority for allocating, administering, protecting, and developing water resources, and they are primarily responsible for water supply planning within their boundaries. States have the ultimate say in the management of their water resources and are best suited to speak to the unique nature of Western water law and hydrology.
3. Many communities in the West anticipate challenges in meeting future water demands. Supplies are nearly fully allocated in many basins across the West, and increased demand from population growth, economic development, and extreme weather and fire events places added stress on those limited water resources. Sustainability of our natural resources, specifically water, is imperative to the foundations upon which the West was developed. Growth and development can only continue upon our recognition of continued state stewardship of our unique resources and corresponding responsibilities.
4. Strong state, regional and national economies require reliable deliveries of good-quality water, which in turn depend on adequate infrastructure for water and wastewater. Investments in water infrastructure also provide jobs and a foundation for long-term economic growth in communities throughout the West. Repairs to aging infrastructure are costly and often subject to postponement.
5. Western Governors recognize the essential role of partnership with federal agencies in Western water management and hope to continue the tradition of collaboration between the states and federal agencies.
6. Tribal governments and Western states also share common water resource management challenges. The Western Governors Association and Western States Water Council have had a long and productive partnership with tribes, working to resolve water rights claims.

B. GOVERNORS' POLICY STATEMENT

1. **State Primacy in Water Management:** As the preeminent authority on water management within their boundaries, states have the right to develop, use, control and distribute the surface water and groundwater located within their boundaries, subject to international treaties and interstate agreements and judicial decrees.

a. **Federal Recognition of State Authority:** The federal government has long recognized the right to use water as determined under the laws of the various states; Western Governors value their partnerships with federal agencies as they operate under this established legal framework.

While the Western Governors acknowledge the important role of federal laws such as the Clean Water Act, the Endangered Species Act and the Safe Drinking Water Act, nothing in any act of Congress or Executive Branch regulatory action should be construed as affecting or intending to affect states' primacy over the allocation and administration of their water resources.

Reauthorization of the Water Resources Reform & Development Act, proposed federal surplus water rulemakings, and/or storage reallocation studies should recognize and defer to the states' legal right to allocate, develop, use, control, and distribute their waters, including but not limited to state storage and use requirements.

b. **Managing State Waters for Environmental Purposes:** States and federal agencies should coordinate efforts to avoid, to the extent possible, the listing of water-dependent species under the Endangered Species Act (ESA). When ESA listings cannot be avoided, parties should promote the use of existing state tools, such as state conservation plans and in-stream flow protections, to conserve and recover species.

2. **Infrastructure Needs:** Aging infrastructure for existing water and wastewater facilities and the need for additional water projects cannot be ignored. Infrastructure investments are essential to our nation's continued economic prosperity and environmental protection, and they assist states in meeting federally-mandated standards.

a. **Federal Support for Infrastructure Investment:** Congress should provide adequate support for the Clean Water Act (CWA) and Safe Drinking Water Act (SDWA) State Revolving Funds. Further, Congress should fully utilize the receipts accruing to the Reclamation Fund for their intended purpose in the continuing conservation, development and wise use of western resources to meet Western water-related

needs, including the construction of Congressionally-authorized Bureau of Reclamation rural water projects and facilities that are part of a Congressionally-authorized Indian water rights settlement.

Congress should reauthorize Water Resources Reform & Development Act (WRRDA) legislation on a regular schedule and appropriate funding so all projects and studies authorized in WRRDA can be completed in a timely manner.

Congress also should consider facilitating greater investment in water infrastructure, utilizing such tools as loan guarantees, revolving funds, infrastructure banks and water trust funds.

Capital budgeting and asset management principles should be used to determine funding priorities based on long-term sustainability and not annual incremental spending choices. It should be accompanied by dedicated sources of funding with appropriate financing, cost-sharing, pricing and cost recovery policies.

- b. **Alternatives to Direct Federal Investment:** Federal and state policymakers should also consider other tools to promote investment in water infrastructure and reduce financing costs, including: public-private partnerships; bond insurance; risk pooling; and credit enhancements.

Congress should remove the state volume caps for private activity bonds used for water and wastewater projects, provide guaranteed tax-exempt status for bonds issued by state or local agencies to finance water infrastructure, provide loan guarantees, and otherwise support and encourage alternatives to direct federal investment of limited general funds.

- c. **Hydropower:** Congress and the Administration should authorize and implement appropriate hydropower projects and programs through efficient permitting processes that enhance renewable electric generation capacity and promote economic development, while ensuring protection of important environmental resources and indigenous people's rights.
- d. **Infrastructure Planning and Permitting:** Infrastructure planning and permitting guidelines, rules and regulations should be coordinated, streamlined and sufficiently flexible to: 1) allow for timely decision-making in the design, financing and construction of needed infrastructure; 2) account for regional differences; 3) balance economic and environmental considerations; and 4) minimize the cost of compliance.

- 3. **Western States Require Innovative and Integrated Water Management.** Western Governors believe effective solutions to water resource challenges require an integrated

approach among states and with federal, tribal and local partners. Federal investments should assist states in implementing state water plans designed to provide water for municipal, rural, agricultural, industrial and habitat needs, and should provide financial and technical support for development of watershed and river basin water management plans when requested by states.

Integrated water management planning should also account for flood control, water quality protection, and regional water supply systems. Water resource planning must occur within a framework that preserves states' authority to manage water through policies which recognize state law and the financial, environmental and social values of the water resource to citizens of the western states today and in the future.

- a. **Water Transfers:** Western Governors recognize the potential benefits of market-based water transfers, meaning voluntary sales or leases of water rights. The Governors support water transfers that avoid or mitigate damages to agricultural economies and communities while preventing injury to other water rights, water quality and the environment.
- b. **Energy Development:** Western Governors recognize that energy development and electricity generation may create new water demands. Western Governors recommend increased coordination across the energy and water management communities, and support ongoing work to assess the interconnection of energy and water through the Regional Transmission Expansion Planning Project for the Western interconnection and similar efforts.
- c. **Conservation and Efficiency:** Because of diminished water resources and declining and inconsistent snowpack, Western Governors encourage adoption of strategies to sustain water resources and extend existing water supplies further through water conservation, water reuse and recycling, desalination and reclamation of brackish waters, and reductions in *per capita* water use. The Governors encourage the use of and research into promising water-saving strategies.
- d. **Local Watershed Planning:** Western Governors encourage federal agencies and Congress to provide resources such as technical support to states and local watershed groups. States may empower these watershed groups to address local water issues associated with water quality, growth and land management to complement state water needs.
- e. **Intergovernmental Collaboration and Conflict Resolution:** Western Governors support the negotiated settlement of interstate water disputes, Indian and Hawaiian water rights claims, and other federal water needs and claims, the settlement of which are in the best interest of Western states.

- f. **State-Federal Coordination:** Western Governors recognize the important role of federal agencies in advancing sound water resource management in the Western states. Governors appreciate the efforts of federal agencies to coordinate water-related activities, particularly through the Western States Water Council, and support the continuation of these key state-federal partnerships.
4. **Western States Need Reliable Water Resource Information:** Basic information on the status, trends and projections of water resource availability is essential to sound water management.
 - a. **Basic Water Data:** Western Governors support the U.S. Geological Survey's Cooperative Water Program and National Streamflow Information Program (NSIP), the Natural Resources Conservation Service's Snow Survey and Water Supply Forecasting Program, the National Oceanic and Atmospheric Administration's (NOAA) weather and hydrology-related data collection, monitoring, and drought information programs, and the National Aeronautics and Space Administration's National Land Imaging (Landsat) Program with its thermal infrared sensor. Western Governors support federal efforts to coordinate water data gathering and information programs across multiple agencies.
 - b. **Extreme Weather Events Planning:** Western Governors recognize the significant potential impacts of extreme weather events and variability in water supplies. Western Governors urge Congress and the Administration to work closely with states and other resource managers to improve predictive and adaptive capabilities for extreme weather variability and related impacts. We specifically urge the federal government to place a priority on improving the sub-seasonal and seasonal precipitation forecasting capabilities that could support water management decision-making.
 - c. **Water Data Exchange:** The Western Governors' Association and the Western States Water Council have worked together to create the Water Data Exchange, an online portal that will enable states to share their water data with each other, federal agencies, and the public via a common platform. The Governors encourage the use of state water data in planning for both the public and private sectors.
5. **Drought Preparedness and Response:** As exceptional levels of drought persist across the West, Governors are leading on drought preparedness and response through the Western Governors' Drought Forum. The Drought Forum provides a framework for leaders from states, businesses, non-profits, communities, research organizations and federal agencies to share best practices and identify policy options for drought management. The Governors have identified several areas in need of additional attention from Drought Forum partners, including:

- a. **Data and Analysis:** Basic data on snowpack, streamflow and soil moisture is essential to understanding drought. Though a great deal of information already exists, enhanced drought data collection and real-time analysis at a higher resolution is essential. Governors support state and federal efforts to maintain adequate collection of drought and water data, enhance data networks where appropriate, and facilitate better use of existing information.

The Governors appreciate the collaborative efforts on drought provided through NOAA's National Weather Service River Forecast Centers and Weather Forecast Offices, and the Office of Atmospheric Research's labs and programs, such as the National Integrated Drought Information System (NIDIS).

- b. **Produced, Reused and Brackish Water:** Technology exists to use produced, reused, recycled and brackish water—sources traditionally considered to be marginal or wastewater. Adoption of this technology has been limited by inadequate data, regulatory obstacles, financial barriers, public attitudes and logistical uncertainties. Governors support regulatory streamlining and policy options to encourage use of produced, brackish, and re-used water where appropriate.
- c. **Forest Health and Soil Stewardship:** Better land management practices for forests and farmland may help improve availability and soil moisture retention. Wildfires can cause sediment runoff in water systems, leading to problems for reservoir management and water quality. Governors support policies and practices that encourage healthy and resilient forests and soils in order to make the most of existing water supplies.
- d. **Water Use Efficiency and Conservation:** Public awareness of drought has directed increasing attention to water conservation strategies, both in-home and on-farm. Governors encourage municipal, industrial and agricultural water conservation strategies as drought management strategy.
- e. **Infrastructure and Investment:** Water infrastructure to store and convey water is crucial to drought management, but maintenance and expansion of that infrastructure is often difficult to fund. Governors support efforts to make the most of existing infrastructure, while seeking creative solutions to add more infrastructure with limited resources.
- f. **Working within Institutional Frameworks to Manage Drought:** Legal frameworks and regulatory regimes can sometimes limit the ability of state, local and federal agencies to respond quickly to drought conditions. Governors believe that

innovative, flexible policy solutions, such as streamlined processing of temporary water transfers, should be considered when managing drought.

- g. **Communication and Collaboration:** Communication among state officials, federal agency representatives, water providers, agricultural users and citizens is a crucial component of effective drought response. The Western Governors' Drought Forum will continue to provide a framework for sharing best practices through its online resource library, informational webinars, and strategy-sharing meetings for the duration of this resolution.

C. **GOVERNORS' MANAGEMENT DIRECTIVE**

1. The Governors direct the WGA staff, where appropriate, to work with Congressional committees of jurisdiction and the Executive Branch to achieve the objectives of this resolution including funding, subject to the appropriation process, based on a prioritization of needs.
2. Furthermore, the Governors direct WGA staff to develop, as appropriate and timely, detailed annual work plans to advance the policy positions and goals contained in this resolution. Those work plans shall be presented to, and approved by, Western Governors prior to implementation. WGA staff shall keep the Governors informed, on a regular basis, of their progress in implementing approved annual work plans.

Western Governors enact new policy resolutions and amend existing resolutions on a bi-annual basis. Please consult westgov.org/policies for the most current copy of a resolution and a list of all current WGA policy resolutions.