



# Hydropower License Renewal

JULY 19, 2023

CITY COUNCIL MEETING

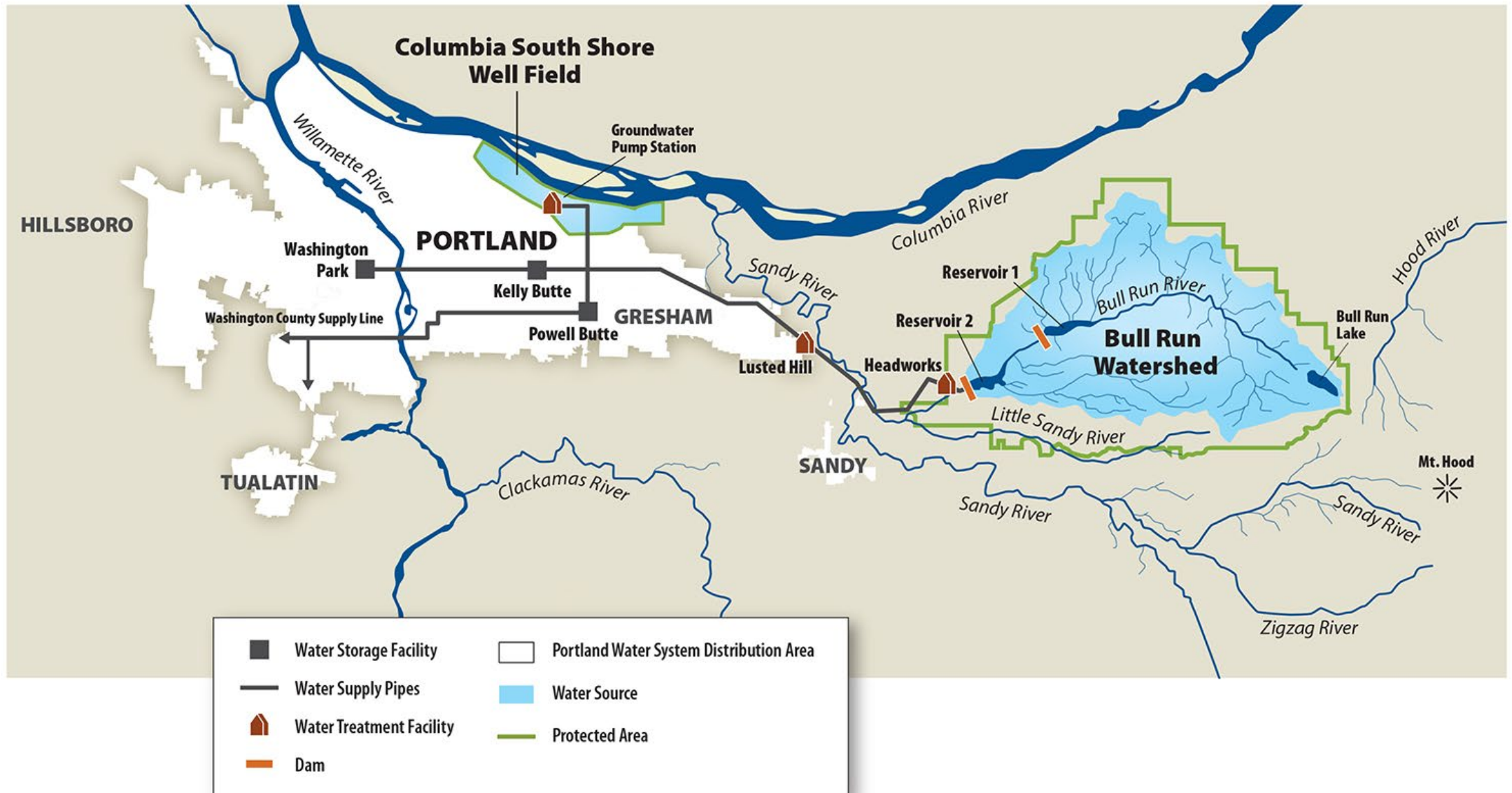
EDWARD CAMPBELL, DEPUTY DIRECTOR

PORTLAND WATER BUREAU

[WWW.PORTLAND.GOV/HYDROELECTRICITY/FERC](http://WWW.PORTLAND.GOV/HYDROELECTRICITY/FERC)

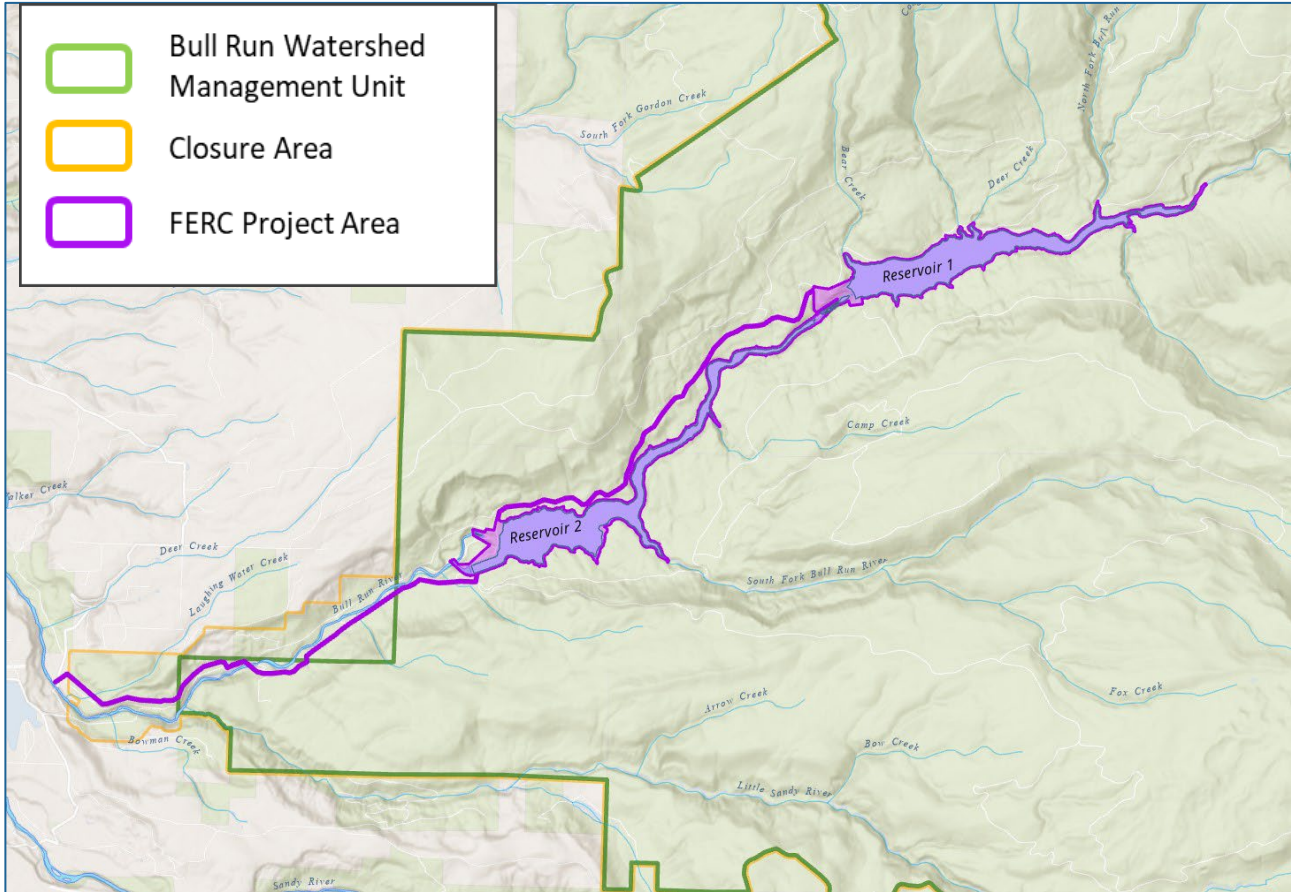


# Portland Drinking Water System





# Portland Hydroelectric Project: The Basics



- Began production in 1982
- Operated by separate enterprise from Water Bureau
- 36-megawatt facility-- 2 powerhouses
- Average monthly output enough to power 8,000 to 10,000 homes
- \$13 million net return to general fund
- Important non-emitting regional power source

# Initiating the Federal Hydropower Relicensing Process

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- Current license expires in February 2029
- **February 2024 deadline** to submit necessary documentation to start formal relicensing
- Relicensing is rigorous Federal Energy Regulatory Commission (FERC) process **that must conclude by February 2029**
- **Council action required** to initiate relicensing process
- **A decision now to initiate the process is not a final decision** by City to renew its hydropower license

# Initiating the Federal Hydropower Relicensing Process

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- Documentation required by FERC includes both a **pre-application document (PAD) and formal notice of intent (NOI)**
- Documents must be submitted by **February 2024**
- PAD and NOI are critical to determining **scope and associated costs** of the process
- **Submitting documents by deadline is the first important stage gate** of 5-yr relicensing process
- Missing the deadline will be regarded as a **decision to surrender** the license

# Formal Relicensing Process 2024-2029

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- Multiple **environmental reviews** of hydro facilities and operations
- Formal **consultation with tribal nations**
- Structured stakeholder & general **public review and input**
- Possibility of **additional studies** required by regulators
- Possibility of **added conditions** to renew license
- Further **study and review** by City of **opportunities, risks, and costs**
- **City decision on whether to relicense** after input and further analyses

# Choosing Not to Initiate Relicensing

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- License surrender process **equally rigorous and resource intensive** as relicensing and **possibly more time-consuming**
- Surrendering results **in loss of hydropower sales revenues** once the current license expires in 2029
- **Financial penalties** of missing sales through 2032
- Surrendering also **creates significant new costs** for the drinking water system **and is difficult to impossible to reverse.**

# FERC Regulatory Process Costs

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## **Relicensing Process**

- Estimated \$8 million in external costs through 2029
- 2-4 FTE over same period (Estimated \$1.2 -2.4 million total)

## **Surrender Process**

- Same estimated external and staffing costs as relicensing
- Completion date unknown



# Preliminary Cost Benefit Findings

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- Most likely future cost benefit scenario estimates \$28 million **net positive revenues** by relicensing
- Surrender creates **significant costs while eliminating revenues**
- Worst case relicensing scenario **outperforms** best case surrender scenario
- **Further analysis will occur** before a final decision is needed

# Recommendation to Initiate Relicensing

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- **Hydro has been self-sustaining enterprise** for over 40 years
- Reliable source of **low-carbon electricity**
- **Efficient supplemental use** of drinking water system
- Loss would **impose significant costs for the drinking water system**
- License surrender decision difficult or impossible to reverse – **relicensing process has opportunities to change course** if necessary

# Cost split for relicensing

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- Portland Hydroelectric Project (PHP) and the Water Bureau **are separate operating enterprises**
- **Hydroelectric and drinking water system are interdependent** and provide functional benefits to each other
- **Relicensing costs to be split evenly** between enterprises initially
- **Formal analysis is being pursued** to evaluate cost split based on cost of service and asset allocation to each enterprise

# Relicensing Next Steps

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- PTE Services Authorization at Council this Fall
- Finalize and submit pre-application documents by December
- Commence formal relicensing process by February 2024
- Final Council Decision in 2027-2028
- License Expiration in February 2029



For More Info

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**[www.portland.gov/hydroelectricity/ferc](http://www.portland.gov/hydroelectricity/ferc)**