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Infrastructure Bill Provides Opportunities for Hydroelectric Industry

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On November 5th, the U.S. House of Representatives passed the more than \$1.2 trillion [Infrastructure Investment and Jobs Act](#), also known as the bipartisan infrastructure framework (BIF). The Senate had already approved the bill back in August, and it now heads to the President's desk for signature. The BIF represents a core piece of President Biden's agenda and provides significant funding for infrastructure improvements in energy and water, including over \$900M in waterpower incentives for new and existing hydropower, pumped storage, and marine energy. Additional spending is provided for dam safety and removal.

The following package of incentives will be administered by the U.S. Department of Energy, and is intended to modernize hydropower by enhancing the safety, grid resilience benefits and power generation capacity of America's dams, including:

- \$553.6 million in grant funding is authorized to be appropriated in fiscal year 2022, which will provide for \$5 million individual grants to support grid resilience, dam safety upgrades, and environmental enhancements at existing hydropower facilities;
- \$125 million in production incentives is authorized to be appropriated in fiscal year 2022 to add hydropower capacity at non-powered existing dams and conduits providing for grants up to \$1 million per year for 10 years;
- \$75 million in grants is authorized to be appropriated in fiscal year 2022 for hydropower efficiency improvements for a project owner that is capable of covering 30 percent of capital improvements up to \$5 million; and
- \$10 million in funding is authorized to be appropriated in \$2 million increments in fiscal years 2022 through 2026 for pumped storage hydropower, wind, and solar integration and system reliability.

Funding is also provided to incentivize research, development, demonstration, and commercial application (R&D) efforts in the water power industry for technologies that improve capacity, efficiency, resilience, security, reliability, affordability, and environmental impact, including:

- \$36 million for hydro R&D.
- \$70.4 million for marine energy R&D.

- \$40 million for National Marine Energy Centers.

The infrastructure bill will also provide historic funding for dam safety improvements to remove dams that are no longer necessary, including:

- \$67 million in support provided to the National Dam Safety Program administered by the Federal Emergency Management Agency (“FEMA”) for federal agency dam safety;
- \$75 million to supplement the Water Infrastructure Finance and Innovation Act for dam safety funding with \$64 million allocated for direct loans and guaranteed loans for safety projects to maintain, upgrade, and repair of dams identified in the National Inventory of Dams with either a local government, public utility, or private owners; and
- \$800 to support Federal and non-Federal dam removal, including by federal agencies, so long as, in the case of a non-Federal dam, the dam owner consents to the removal

President Biden has signaled that he plans to sign the BIF as early as next week; however, the BIF is still intended to be paired by the social spending programs anticipated by the separate Build Back Better Act. The companion Build Back Better Act is anticipated to be brought to a House vote next week.

Troutman Pepper - Chuck Sensiba and Morgan M. Gerard