

The Maintaining and Enhancing Hydroelectric and River Restoration Act of 2021

--Section-by-Section--

Section 1 - Title

Section 2 - Credit for Maintaining and Enhancing Hydroelectric Dams

Establishes a 30% tax credit for investments at qualifying facilities that would incentivize investment in dam safety, environmental improvements, and grid resilience property at a qualified dam. Allows both private sector and state and local governments and tax-exempt entities to take advantage of the credit with a direct pay alternative.

- **Dam Safety Property:** Defined as property with the purpose of maintaining or improving dam safety, including:
 - The maintenance or upgrading of spillways or other associated structures
 - Dam stability projects, including erosion repair and enhanced seepage controls
 - Upgrading or replacement of floodgates or restoration of natural infrastructure to reduce flood risk

- **Environmental Improvement Property:** Defined as property with purpose of:
 - Adding or improving safe and effective fish passage, including new or upgraded turbine technology, fish ladders, fishways, and other associated technology and equipment
 - Maintaining or improving the quality of the water retained or released
 - Promoting downstream sediment transport processes and habitat maintenance
 - Providing or improving recreational access around dams, including roads, trails, and boat launches
 - Managing water flow to improve recreation, as well as investments in infrastructure that improves river recreation opportunities

- **Grid Resilience Property:** Defined as property with the purpose of supporting the ability of a hydroelectric facility to contribute to grid resilience and efficiency by:
 - Adapting more quickly to changing grid conditions
 - Providing ancillary services such as black start capabilities, voltage support, and spinning reserves
 - Integrating other variable sources of electricity generation
 - Managing accumulated reservoir sediments

Grid resilience properties are only eligible for the credit if any physical or operational changes instituted in connection with the property are authorized under applicable Federal, tribal, and state permitting or licensing processes, including appropriate mitigation conditions.

A grid resilience property also includes a new small scale hydroelectric facility, if it was licensed by FERC before December 31, 2020, has an active license at the time of enactment, was not placed in service prior to enactment, and does not contribute to atmospheric pollution.

Section 3 - Credit for Obsolete River Obstruction Removal Expenditures

Establishes a 30% tax credit for expenses incurred to remove obsolete river obstructions, including nonpowered dams and hydroelectric dams not owned by the federal government. Allows both private sector and state and local governments and tax-exempt entities to take advantage of the credit with a direct pay alternative.

An obsolete river obstruction is defined as any dam, dike, embankment, or other barrier that is or was operated for the control, release, or distribution of water for agricultural, municipal, navigational, industrial, commercial, environmental, recreational, aesthetic, drinking water, or flood control purposes.

Eligible expenses include the removal, in whole or in part, of powered and non-powered dams, with the consent of the dam owner, along with any remediation and ecosystem restoration costs associated with a removal project.