

SMALL-SCALE HYDRO DEVELOPMENT IN MONTANA

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February 1, 1984

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INTRODUCTION

During the past three years, potential developers have filed more than 100 applications to construct small-scale hydropower projects on Montana streams and rivers. The flurry of activity here and in other western states has been described as a "gold rush in falling water," and presents a sharp contrast to the indifference toward small-scale hydro development that marked preceding years.

Much of the interest in hydropower stems from recently enacted federal laws and complementary state statutes which provide significant financial incentives to hydropower developers. In light of an apparent energy shortage, lawmakers promoted small-scale hydro as clean, renewable energy which could help reduce reliance on imported energy sources. Small-scale hydro was also believed to have few environmental drawbacks, in contrast to conventional fossil-fuel or nuclear power plants.

Small-scale hydro projects which generate electricity from existing dams or from watersheds without competing resource values are often environmentally benign; however, many of the Montana sites where hydropower development has been proposed do exhibit major conflicts with other uses. Projects on free-flowing waterways can jeopardize water quality, fish, wildlife, recreation and related economic values. Hydropower development may also conflict with agricultural and other consumptive water rights in certain locations. By downplaying such concerns, policymakers have failed to establish a legal framework to deal effectively with the impacts of small-scale hydro development.

The existing regulatory structure for hydropower development in Montana presents difficulties for both developers and government officials. The developer must negotiate a bureaucratic maze to obtain permits from the various state and federal agencies having jurisdiction over specific aspects of a proposed hydropower project. State records are scattered among the different agencies, with no central repository for information on the status and details of the projects proposed in Montana. Additionally