

PNWCC REPORT Council



NORTHWEST POWER AND CONSERVATION COUNCIL May 11-12, 2010

The Council heard from Portland General Electric about the realities of how utilities plan to meet load growth, as well as challenges facing the company in operating its 585 megawatt coal plant at Boardman. BPA’s Steve Wright said carbon reduction and prospects for a carbon tax are driving utility plans, and he called integrating wind “the engineering challenge of our time.” Wright announced Karen Hunt, the agency’s long-time liaison with the Council, will retire at the end of June. And the Northwest Energy Efficiency Alliance reported it has a reinvigorated mission and substantial new funding. Next meeting: June 8-10 in Missoula, MT.

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THE AGENDA

PGE Plans for Growth, Gas, and Demise of Coal



Portland General Electric (PGE) vice president Jim Lobdell briefed the Council on the company’s integrated resource plan (IRP) and the future of the Boardman coal

plant. He noted it was his first time before the Council and said he hoped “to rectify that” and let members know more about the operating side of utilities.

Lobdell described PGE’s 4,000 square-mile operating area, which extends from south of Salem to Portland, noting that the company serves 43 percent of Oregonians and its service territory accounts for 70 percent of the state’s gross domestic

product. PGE has 1,975 megawatts (MW) of generation, including hydro, gas, and wind, and 25,600 miles of transmission and distribution lines, he said.

PGE's 2009 IRP, filed with the Oregon Public Utility Commission (OPUC), shows the company's load is expected to grow at about 1.9 percent annually, Lobdell continued. When comparing load growth to available resources, "we have significant gaps in our portfolio," he stated. The company will lose access to 450 average MW of contract power over the next several years, and we plan to close Boardman in 2020, Lobdell explained.

"We have a significant short position" in terms of energy and capacity resources, he said. Since we closed the Trojan nuclear plant in 1992, we have not filled out our portfolio, Lobdell noted. We always thought the federal power system "would bail us out," but we learned that lesson – we can't rely on energy from BPA, he stated.

Lobdell pointed out that PGE's cooling load is growing, and in 2020, the company expects to go from a winter peaking to a summer peaking utility. That means PGE will be competing for resources to meet its air conditioning load in the summer energy market with California utilities, he added.

The company details how it will meet load in its IRP, Lobdell explained, adding that PGE takes a "least-cost, least-risk" approach to planning resources. Our current IRP has been in place for two years, he said.

Lobdell listed the key modeling assumptions used to prepare the IRP. He pointed out that the company plans to meet

system load, netting out the load for industrial customers who "opt out" of PGE resources. PGE assumes average hydro conditions, although only two of the last 10 years have seen normal water, Lobdell said.

Other assumptions include fuel prices, an energy efficiency forecast, and the cost of carbon, he said. PGE also assumes utilities in the Western Electricity Coordinating Council area will meet their state renewable portfolio standards (RPS), and that PGE will meet the Oregon RPS with physical resources, not just with "green tags," Lobdell explained. PGE will need 500 aMW of new renewables by 2025 to meet Oregon's RPS, he said.

Lobdell explained the difficulty PGE has in integrating intermittent resources like wind. Last Monday night, PGE had scheduled 25 MW of wind, but when the time came, we had 200 MW, he said. We dropped the generation on BPA's order, but these incidents are "an everyday event" – the system does not have enough flexibility to integrate wind at the pace it is coming on, Lobdell commented.

PGE is a transmission-dependent system, he continued. We depend on BPA for transmission, and there are more constraints than ever before, Lobdell said. He noted that PGE had dozens of responses to its last request for resources, but "80 percent could not make it to our system" due to transmission constraints.

Closing Down Coal

Lobdell listed the elements in PGE's IRP action plan, which include: acquiring renewables, energy efficiency, and high-efficiency natural gas generation; building

a new 500 kV transmission line from Boardman to the southern end of its system; and pursuing closure of the Boardman coal plant two decades earlier than planned. Closing Boardman means adding more natural gas-fired generation, he said. That would be a big change in our portfolio, with 50 percent of our generation coming from gas, according to Lobdell.

He went on to describe the 585 MW Boardman plant in Morrow County, Oregon. PGE operates the plant, which burns low-sulfur coal from the Powder River Basin, and owns 65 percent of the output. The plant consistently performs more cleanly than its permits require, Lobdell pointed out. Boardman supplies about 15 percent of PGE's power at a relatively low marginal cost, and it is a baseload, dispatchable resource, he said.

Federal haze rules and Oregon's regional haze plan drove PGE's decision to pursue Boardman closure 20 years ahead of its useful life, Lobdell said. The Northwest has relatively little coal-fired generation compared to other areas of the country, and "the future of coal will be decided elsewhere," he indicated. When Boardman is compared to other plants in terms of its heat efficiency, it's a very efficient unit, and we're proposing to shut down a very efficient plant, which is "setting the benchmark" for the rest of the country, Lobdell stated.

He laid out environmental work that has been done at the plant in recent years and the issues PGE faces in continuing to invest in technology to clean the plant to meet more rigorous emissions standards. Lobdell said the company's analyses show the least-cost, least-risk path is to shut the plant in 2020.

But Oregon's Department of Environmental Quality (DEQ) adopted a regional haze rule that puts PGE in a bind, he said. PGE has made an alternative proposal to DEQ on the "best available retrofit technology," which includes ceasing Boardman operations in 2020, Lobdell explained. There are other contingencies, including a lawsuit by the Sierra Club, that PGE must clear in order to shut the plant down in 10 years, he said.

PGE analyzed the possibilities, and the results showed that without the alternative agreement with DEQ and resolution of the Sierra Club lawsuit, the most cost effective thing to do would be to install the full control technology required under the DEQ rule and operate Boardman until 2040, Lobdell said. If the 2020 preferred plan can't be achieved, the only other option that meets emissions regulations and provides certainty of supply for our customers is to operate Boardman until 2040, he added.

Lobdell listed several reasons the 2020 closure plan makes sense. Among others, it will give PGE time to build or buy cost effective resources to replace Boardman – we don't believe the wholesale market is where we want to put load, he said. In addition, the 2020 plan meets or exceeds environmental goals by cutting mercury emissions by 90 percent, and it would end Boardman's carbon emissions 20 years earlier than otherwise planned, Lobdell noted. In addition, it sets "an important national precedent" by closing a relatively young baseload coal plant ahead of schedule, he stated.

Tom Karier asked about the environmental standards PGE is obliged to meet at Boardman. Lobdell explained that the

Environmental Protection Agency's haze rules are being implemented by the states. He pointed out that if you took out coal generation in the East, where it is far more prevalent, you would see a big run to gas. Renewables can't fill the void, although storage for solar or wind power "would be a game changer," Lobdell added.

He also said that while the Council's and utility planning models are similar, modeling doesn't reflect "the real world." For example, in July 2006, "we were in a panic" trying to find power during a coincidental peak with California, Lobdell said. We were receiving 450 MW from the north at that time, and those schedules had to be cut, he added. We learned a lot then – despite Federal Energy Regulatory Commission (FERC) regulations, companies protect their own loads first, Lobdell commented. That experience was one reason we launched a distributed generation project – we wanted to find every onsite generator in our service territory, he said.

California finally bailed us out – we'd already asked BPA, and they couldn't help us, Lobdell said. In the old days, we always heard, if things get really bad, call BPA and they'll bail you out, he recounted. "I called Bonneville and got the wrong answer," Lobdell said.

Melinda Eden asked if BPA's transmission projects would improve the situation for PGE. It depends, Lobdell replied. He noted that PGE has an interconnection request into BPA for a renewable project it picked up in its last solicitation. Much of the generation is north of us, so it could improve our access, Lobdell acknowledged.

Eden asked about PGE meeting Oregon's carbon reduction goals. We analyzed what it would take to meet the aspirational goal of reducing emissions by 10 percent below 1990 levels, and it was very expensive, according to Lobdell. If we took Boardman and Colstrip power out, the only way would be to put nuclear power in our portfolio, he said.

Jim Yost asked about PGE's plans to add gas generation. We are planning to build 300-500 MW of gas, Lobdell responded. We are losing access to power from the mid-Columbia dams that we need to replace, he said. The company also has plans to put 200 MW of fast-start units near gas supplies in northwest Oregon, Lobdell said, noting that gas and electricity operate in different time frames. Gas operates day ahead and we operate hour ahead – it's a big issue to get that synched up, he added.

Eden raised the issue of Smart Grid, and Lobdell said PGE is deploying 850,000 smart meters. The company also has a grant for a Smart Grid project around Salem in which it will "island" an area to see how things work, he said. It's a way to see whether we could eventually eliminate our "long-haul problems," Lobdell wrapped up.



Wright Says It's All about Carbon

The Council's Sixth Power Plan is a good document, BPA Administrator Steve Wright began his remarks. It is of value to the region and is providing guidance to BPA, he said.

The key issue for the industry right now is responding to carbon, Wright stated. From RPS to the potential for a tax, carbon is having an impact on utility decisions, he said. And from generation to power flows on the transmission system, “carbon changes everything with utility planning,” Wright added. And he pointed out it is not just legislation itself, “but the prospect of legislation,” that is influencing decisions.

We start with “a huge competitive advantage” in the Northwest, where we have one third the national average of carbon emissions, Wright continued. If carbon is the key to costs going forward, we have a big advantage, and the big challenge is retaining that competitive advantage, he said.

In the power plan, you started with energy efficiency, “which I agree with,” Wright said. “It’s Job One” if we are to meet 85 percent of load growth with efficiency, he added. Wright noted that 50 percent of the measures in the plan need more development and program design work. The Northwest Energy Efficiency Alliance (NEEA) and the Northwest Energy Efficiency Taskforce (NEET) will help us get there, he said, adding that NEET’s mission was to look at how we would meet the anticipated goal in the Council’s plan, which we knew “would be big.”

Your power plan also talked about renewables, Wright went on. Wind development continues unabated in the Northwest, despite the credit crunch, and integrating it into the system “is the challenge of our time,” he said. Renewables are great for the region, but we need to ensure reliability and assure there are not cost shifts, Wright said. We

need “to get this right” so renewables will continue to be developed, he stated.

Wright added that the Northwest knows a lot about wind integration and has been able to contribute its expertise to FERC inquiries into wind integration issues. We now have a standing dispatch order in place so operators can respond immediately when wind generation has the potential to cause problems on the grid, he pointed out.

Wright said BPA is developing three transmission projects, which it refers to as “hard, harder, and hardest.” BPA is trying to communicate that these local projects provide a regional benefit, he noted. When a line gets built “in somebody’s backyard,” it provides value for the region, and we need folks to understand that the projects are “part of a bigger regional picture that delivers electricity,” Wright stated.

On the topic of the Columbia Generating Station (CGS), he said “it’s been a rough couple of years.” Energy Northwest (ENW) has had a difficult time meeting performance goals at the nuclear plant, Wright said. The ENW board has been responsive to the problems, and he pointed out the executive board added a new member with nuclear experience and the organization is planning to hire a new chief executive officer.

Maintaining the electricity output at the federal hydro plants, which Wright called “the crown jewels of the system,” is of paramount importance. These are aging facilities, and we are seeing more forced outages, he acknowledged. We have important work to do over the next decade to maintain the plants, Wright said.

Meeting the salmon goals is another big challenge, not to mention renegotiating the Columbia River Treaty with Canada, he continued. In 2014, either party could make the decision to terminate the treaty, Wright said, adding that work has begun and will, he hopes, involve the Council and others in the region.

With regard to research and development (R&D), the region is undertaking a pilot program on Smart Grid, which involves 14 utilities and a grant from the Department of Energy (DOE), he said. Wright added that he worries “the Smart Grid is being oversold” in terms of how fast it can bring about savings. He pointed out that BPA has an R&D portfolio that focuses on things that make sense to do in conjunction with the hydro system.

It’s a challenging time economically, and rates are a big issue, Wright stated. Transmission rates are manageable, but power rates are not so easy to manage, he said. While the current rates are in place until 2011, “it’s a bad water year,” and “we’re getting hammered” for a second year in a row with power revenue losses, Wright said.

We’re also facing increased costs with energy efficiency, CGS, the Biological Opinion, Columbia River Accords, and refurbishing the hydro system, he explained. Our debt structure is another issue, according to Wright. We are looking at an increase in debt payments in 2012-2013, followed by a decrease in 2019, when the ENW debt is slated to be paid off, he said. We’ll have a public process about these issues before the rate case; there will be “lots of conversations” on debt service in summer and fall, Wright added.

He concluded by pointing out that it is his tenth year as Administrator. BPA has adopted core values – trustworthiness, stewardship, and operational excellence – and it is rewarding to strive to meet these, Wright stated.

Questions Aim at Wind

Karier asked about Wright’s comment on cost shifts related to wind. Is this about assuring that California pays its fair share? he asked. The fundamental issue with wind is variability within the hour, Wright responded. The transmission system is responsible for maintaining reliability and has to have resources available to cover variations in generation, he said. This was a small part of rates in the past, Wright noted, but with more variable resources coming onto the system, that has changed. There are now issues around having a base of reserves to support the variation and the costs associated with doing so, he said.

Now we use the hydro system to cover the variation, but ultimately, we are going to run out of that flexibility, Wright continued. We need to get more resources and need to allocate the costs for them correctly, he said. This is not just “a California versus the Northwest issue,” Wright added.

Bill Booth asked if anyone is overseeing the big picture on wind development. There does not seem to be any control, he stated. Wright said BPA missed the forecast on the rate of wind development “by nine years in a 10 year forecast.” It is “the great engineering challenge of our time,” and we are trying to address it, he said. BPA is working to identify “what is fundamentally the limit” to wind power on

the current system and “how to get beyond it,” Wright said.

We are finding ways to do that, with such mechanisms as “dynamic scheduling” being put into place, he reported. The public wants wind power, and “we have to find ways to make it work” – if we can’t, we need to tell the public, Wright stated. For now, I think we can continue to make it work, and we will until “we reach a wall we can’t get over,” he said.

Council chair Bruce Measure asked about the up and downsides of extending the ENW debt. Wright pointed out that BPA has two pools of debt, ENW and federal debt, which are roughly even at \$6.5 billion each. We are trying to think through how to manage our overall debt service to keep rates stable, he said. The question is whether it makes sense to raise rates today to lower them tomorrow, Wright said, adding “we need to have that conversation.”

A few weeks ago, the Administration announced it was offering loan guarantees on two nuclear plants, Eden said. I hope your experience with nuclear debt can benefit the Administration to help them avoid mistakes, she said, adding that “you are the right person” to get that information into the right channels.

Eden asked Wright about BPA’s contracts with the direct service industries, and he said the agency has contracts with Alcoa and Port Townsend Paper, which have kept jobs for 400 to 500 workers in the Northwest. As for the residential exchange litigation, Wright reported that briefing in the case was stayed and parties are in mediation. “I’m cautiously optimistic”

about the mediation, he said, adding that the proceedings are confidential.

Yost asked Wright if BPA is covering its wind integration and related ancillary services costs in integration rates. Wright said he is “comfortable we are covering the costs for 2010-2011.” But going forward, the wind integration rate will be a challenge, he acknowledged.

Before leaving, Wright announced that Karen Hunt, BPA’s liaison with the Council for nearly 15 years, has decided to retire at the end of June. Her last Council meeting will be the meeting in Missoula. Peter Cogswell will act as liaison with the Council until a permanent replacement is chosen for Hunt.



The New Look at NEEA

With a budget that’s nearly double the previous five years and “a unique and phenomenal basis” for regional collaboration, NEEA has established strategic and energy savings goals for 2010-2014, according to Claire Fulenwider, NEEA’s executive director. NEEA represents all utilities in the Northwest, and direct funding comes from BPA, six public utilities, five investor-owned utilities, and the Energy Trust of Oregon, she reported.

NEEA succeeds only as “a good partner,” Fulenwider stated, pointing to the range of board participants and the “deep bench of expertise” on the staff. From 1997 to 2008, NEEA captured 264 aMW of savings through its efforts, she said.

Fulenwider went on to describe NEEA’s market transformation strategy, which

aims to move the market on energy efficiency standards and codes and to “hand them off” to utilities for program measures. We see codes and standards “as locking in the savings,” she said.

Karier said he is encouraged NEEA has adopted codes and standards as its focus. Fulenwider pointed out that NEEA is not a lobbying organization “so we need to get utilities revved up” so their lobbyists take on the task of getting legislatures and government agencies to upgrade and adopt standards.

She laid out NEEA’s 2010-2014 strategic goals, including the organization’s role in educating contractors about local building codes and new practices. NEEA also aims to facilitate emerging technologies and solutions, Fulenwider said. Heat pump water heaters, ductless heat pumps, and green motors are the current technology focus; quantifying and measuring behavior change is also getting attention as part of the solution to energy efficiency, she reported.

Fulenwider stressed the importance of regional coordination, especially in areas like tracking and measurement. We need stronger regional monitoring so there is data to back up utility decisions to pursue efficiency, she indicated.

Over the next five years, NEEA will aim to achieve 200 aMW in total regional savings, of which 100 aMW would reflect “net market effects,” Fulenwider said. The total resource cost is estimated at 2.5 cents to 3.5 cents per kilowatt hour, she added.

Fulenwider listed several reasons NEEA is being funded at a higher level. These include efforts to rebuild the supply of

residential measures and products; prove the concept on behavior change initiatives; launch initiatives that will help its partners be more successful; and provide regional coordination to achieve the goals in the Sixth Power Plan. NEEA is facilitating work on a comprehensive regional proposal for coordination, she explained. A proposal is in the works and revisions are expected to be complete by May 22, Fulenwider said.

Measure suggested NEEA could strengthen its link with Northwest states by including a representative from each state on its board. Eden said at one time each state had a member, but the board was reconstituted and the number of members decreased.



NEET Wrap-up in June

Ken Canon, NEET’s facilitator, told the Council the taskforce is winding down, with a last executive committee meeting June 17. He began his comments with an observation that the move in the Northwest has been away from energy efficiency and toward renewables. Wind has been successful because large companies are lobbying for it, but that doesn’t exist for energy efficiency, Canon said. We need to work together to see that energy efficiency “takes its rightful place” in the region’s resource stack, he stated.

NEET will end its official run, but the work it started will go on, Canon indicated. He briefed the Council on 10 initiatives that began with NEET, starting with an evaluation of the Regional Technical Forum (RTF) that is still under way. Canon said the evaluation is one of the largest things to flow from NEET and will

result in recommendations to assure the RTF serves the region as efficiently as possible.

Among other initiatives, NEET encouraged NEEA and BPA to coordinate efforts on emerging technologies to avoid overlap, he said. NEET also laid the groundwork for a regional forum to share information and increase interactions that advance energy efficiency in the region, Canon explained. NEEA will lead the forum effort, which will take advantage of web-based communications, he said.

NEET also focused attention on research related to behavior change as a component of energy efficiency, Canon continued. This issue emerged from NEET's marketing work group and will aid with a regional approach to messaging about behavior change, he added.

NEET's effort on workforce development will continue under the auspices of the Northwest Public Power Association, which offers education and training in technical utility careers, Canon said. The region needs a credible study of energy efficiency jobs, he added. Right now, these types of jobs are lumped in with "green jobs," but they need to be more clearly identified, Canon noted. Over the next five years, the region could lose up to 50 percent of its energy efficiency workforce due to retirements, he said, an impetus for NEET's work on this issue.

With regard to Smart Grid, load management, and voltage optimization, "a lot of money is flowing to the region" for Smart Grid research, Canon pointed out, and we wanted to make sure our efforts are well coordinated. BPA took the lead on load management and voltage optimization

and hired a consultant to coordinate a voltage optimization study, he said. As a result, the RTF recently adopted "a simplified protocol" for utilities to use in implementing voltage optimization programs, Canon reported.

He wrapped up by saying that NEEA will take the lead on a pilot project to put a structured coordination plan in place. NEET has been a great effort in the Northwest, Canon said. While our effort will wind up in June, there will be an ongoing ability for people to tap into the group in the future, he added.

NEET came from a desire to identify any missed opportunities for energy efficiency in the region and to prepare for the large mandate anticipated in the Council's Sixth Power Plan, Karier stated. It has been an interesting and informative effort, he said, adding that the Council will need to pay attention to the ongoing evaluation of the RTF.

Chief Joe Hatchery Tops Last Hurdle



Staffer Mark Fritsch introduced a panel of representatives from the Confederated Tribes of the Colville Reservation to present an overview of the Chief Joseph Hatchery Program. The Colvilles brought the project to the Council in 2002, and it has now completed all the necessary review steps, he said. The Independent Scientific Review Panel (ISRP) reviewed the project through each step, including the final Step 3, in which the panel found it meets science review criteria, Fritsch said, adding that the Fish and Wildlife (F&W) Committee has given it a favorable recommendation.

The Colvilles are seeking final approval from the Council to move to hatchery construction, tribal representative Joe Peone stated. The ISRP response to our proposal has made it a strong project, and our view of the ISRP involvement is favorable, he said.

Peone described the project timeline, which stretched from 2001 through January 2010. With Step 3 of the review process completed, we propose to proceed to construction of the facility, he said. Bids for hatchery construction were solicited, and in March, we came up with a final budget of \$40 million, according to Peone. He noted the Colvilles are still completing a Corps of Engineers review related to access to water supplies, and construction could be delayed until 2011, pending the outcome of that review.

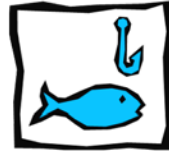
Peone described how the hatchery program will operate. He said the operation would support conservation and harvest of salmon, including summer/fall and spring chinook. Wild fish would return to the spawning beds, and hatchery fish would be harvested as they return, Peone said.

Through 2009, the hatchery program has cost about \$10.8 million, and construction will be about \$40 million, he continued. Annual operation and maintenance costs will be about \$2.5 million, Peone said. He noted the Colvilles are developing agreements with the local mid-Columbia utilities on cost-share arrangements.

Eden asked whether there was any possibility construction of the hatchery could snag on the Corps water supply review. Witt Anderson of the Corps said he was confident the review would be completed successfully and that he hoped

it would beat any prospect of a construction delay.

The Council voted unanimously to recommend funding the construction and operation of the Chief Joseph Hatchery Program.



Barbs over Barbs

Karier asked the Council to consider whether to ask the Independent Scientific Advisory Board (ISAB) to review the use of barbed fishing hooks. The Washington Department of Fish and Wildlife (WDFW) recently passed a regulation to ban barbed hooks on salmon fisheries in the Columbia River, he reported. WDFW said barbless hooks make it easier to release salmon listed under the Endangered Species Act back into the water without damage, Karier reported.

Since the regulation made for inconsistent rules between Oregon and Washington, WDFW sent an inquiry to the Oregon Department of Fish and Wildlife (ODFW) asking about its policy that allows barbed hooks, he reported. Oregon responded with an explanation of its policy, but made no indication it intends to make a change, Karier said.

The science on this is uncertain so it might be appropriate to have a science panel review, he suggested. Karier said the Council could first have ODFW and WDFW come in to discuss the issue of selective harvest and barbed versus barbless hooks. We could defer a request to the ISAB until we hear from a panel of representatives, he stated.

I don't have an objection to learning more about selective harvest, "but I have to ask why?" Eden said. She suggested the goal appears to be getting Oregon to change its policy. If the two agencies have different regulations, "it's just a policy difference," Eden stated.



Conservation Comment in the Works

The Council gave staff the nod to prepare comments on BPA's framework for conservation post 2011. Staffer Charlie Grist explained that the framework defines BPA's role in meeting public power's share of the Council's conservation targets under the new tiered rates paradigm. BPA's plan directly impacts the likelihood public power will meet its share of the power plan's energy efficiency goals, he said.

Grist proposed the comments tell BPA the overall structure of its plan is good and the two year check-in is a good idea. Our primary issues are to ensure that BPA will provide an "effective backstop" if needed to meet the targets and that there is sufficient BPA and utility funding for efficiency, he said. We would also ask that the framework not cap acquisitions at the Council targets if there is more cost effective conservation available, Grist said. The Council could also comment on the development of utility specific conservation potential assessments, he added.

Grist said staff would circulate a draft letter in the next couple of days. The final comments on the conservation framework are due to BPA by May 26, he concluded.



Rules of the Road for IEAB

With the Council's April vote to adopt a new charter for the Independent Economic Advisory Board (IEAB), staff prepared a memo proposing how the IEAB will operate, staffer Terry Morlan told the Council. The memo lays out elements of IEAB operation, including a broader scope of potential tasks, increased coordination with independent science boards, and a closer connection to the Council, he explained.

Morlan said the terms of four IEAB members expired in 2008, but because of discussions about the future of the board, no new members were appointed. Staff proposes to post a solicitation and proceed to have the Council fill the positions by October, he said.



More BiOp Projects Hit the Fast Track

Staffer Lynn Palensky said the Council had been asked to approve another 10 "fast track" fish and wildlife projects. They are part of a group of 19 projects that address the highest priority gaps in the Biological Opinion, and staff recommends eight be approved for funding, and a ninth be funded in part, she said. Palensky noted that the projects will come up again under the categorical review for monitoring and evaluation, and sponsors are aware that changes could be made at that time.

According to a staff table, project sponsors include the Idaho Department of Fish and Game, Nez Perce Tribe, Northwest Fisheries Science Center, WDFW, and the

Yakama Nation. The not-to-exceed 2010-2013 budgets for the nine projects represent over \$35 million in F&W spending.

Fritsch pointed out that the projects were reviewed by the F&W Committee and given a positive recommendation. He said the tenth project would come back to the Council in July. The Council voted unanimously to recommend BPA fund nine of the 10 fast-track projects.

END NOTES

Funding for Methow. The Council voted to recommend BPA fund a nutrient supplementation project in the Methow River subbasin sponsored by the Yakama Nation under the Columbia Basin Fish Accords. The project, which will cost \$2.2 million over 10 years, aims to quantify and evaluate the nutrients available for salmon in the Methow.

Categorical Reviews on Tap. The Council will kick off its first categorical review of F&W projects on June 1. The first categories will be research, monitoring, and evaluation, and artificial

production projects. The review will begin with existing projects and move to projects in specific geographic areas. Depending on the outcome, the Council could issue a targeted solicitation for new projects. According to staffer Tony Grover, by August 1, staff expects projects will go to the ISRP, and in February 2011, the majority of projects from these categories will come before the Council for a funding recommendation.

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Council 2010 Calendar

June	8-10	Missoula
July	13-15	Portland
August	18-19	Spokane
September	21-23	Bend
October	13-14	Portland
November	17-18	Portland
December	14-16	Portland