



NORTHWEST POWER AND CONSERVATION COUNCIL October 7-8, 2009

At the Council's meeting in Sun Valley, Idaho, Steve Wright and other federal honchos extolled the virtues of the Biological Opinion and its new little sidekick, AMIP. Comments from PNUCC figured heavily in a report on what the Council has been hearing about its draft power plan. A few high-level indicators passed muster, and the Idaho Consumer-Owned Utilities Association urged BPA to buy a piece of the Gateway transmission line. Next Meeting: November 12-13 teleconference from Portland, Oregon.

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THE AGENDA



All Hail the BiOp

The 2008 Biological Opinion (BiOp) is the product of three years of effort and collaboration, BPA administrator Steve Wright told the Council. After we lost in court with the previous BiOp, we decided to change our strategy, he said. We reviewed all of our assumptions and chose a new legal standard, and we decided to actively engage

in a collaborative process with the rest of the region, Wright explained.

The 2008 BiOp is substantially different from the 2004 BiOp, and the difference can be seen in the extent of the measures – the measures are much more extensive, he said. We will spend over \$100 million more a year in activities to benefit threatened and endangered species, and we've committed to meet performance standards, Wright stated. The hydro system is taking the risk, he noted. It's a fundamental difference from before, Wright said.

This BiOp also has a different level of support, he noted. It has the support of three states and seven tribes, Wright said. He thanked the Council for doing a good job integrating the BiOp and the Columbia Basin Accords into its fish and wildlife (F&W) amendment process.

The court challenged the Obama Administration to review the BiOp and the science underlying it, and its conclusion was that the biology supporting the BiOp was fundamentally sound, Wright said. NOAA administrator Jane Lubchenco noted that the populations and conditions the BiOp deals with are extremely variable, and that led to the development of the Adaptive Management Implementation Plan (AMIP), which provides contingency plans, he noted. The AMIP addresses Snake River dam breaching as a contingency, Wright said. He thanked the Council for its analysis of the carbon impacts of dam breaching.

Meet the AMIP

Barry Thom, acting regional NOAA Fisheries administrator, summarized the Administration's conclusions that, implemented with the AMIP, the 2008 BiOp is biologically and legally sound, is based on the best available scientific information, and satisfies the Endangered Species Act (ESA) jeopardy standard. The BiOp reflects "great regional consensus of states and tribes" in support of a salmon plan for the hydropower system, he said. All the agencies would like to move on to implementation of the salmon actions "on the ground," Thom stated, adding "it is time to end the litigation."

He described the Administration's review of the BiOp and development of the AMIP, which he called "an insurance policy" for the fish that will be implemented as part of the BiOp. Thom said the AMIP accelerates and

enhances BiOp mitigation actions, including commitments to additional estuary restoration projects under a new agreement with the state of Washington, efforts to control predators and invasive species, and biologically based changes to spring and summer spill.

The AMIP also calls for enhanced research and monitoring to evaluate fish status and habitat conditions and to help us measure the effectiveness of BiOp actions, he noted. The AMIP puts in place a new contingency plan to address the possibility of a significant decline in the abundance of listed fish, Thom said. He explained the biological triggers that result in contingency actions, including an early warning indicator and a significant decline trigger, and what the federal action agencies are obligated to do if either trigger is tripped. Thom also said the Regional Implementation Oversight Group (RIOG) would be responsible for defining additional triggers in the future.

The study of the operation of John Day Dam at minimum operating pool and the study of lower Snake River dam breaching are "long-term contingency actions", he said. Dam breaching, Thom noted, is a contingency of the last resort due to the uncertainty of biological effects and significant impacts to local communities and the environment. There's not a cut-and-dried conclusion that if you took out the dams, you'd have the benefits that "some people purport," he added.

The AMIP also includes ongoing commitments to regional collaboration and independent science review, Thom noted. We and the other agencies look forward to getting the BiOp in place, acting on it, and showing it can be successful, he concluded.

Bill McDonald, regional director of the Bureau of Reclamation, said this year, for the first time, Reclamation carried out operations pursuant to the 2008 BiOp at Libby and Hungry Horse, which are known as "the Montana operation." Those ended September 30, he said. At Hungry Horse, we limited drawdown to 10 feet, and "it went along just fine," according to McDonald.

Tom Karier congratulated the agency representatives and said the cooperation and collaboration with states and the tribes has "borne great fruit." The BiOp is a very good document – it's hard to imagine anything that is left out, he said.

There are other issues and future threats to look at, such as zebra and quagga mussels, Karier noted. They are not here now, but they deserve some attention now, he added.

I also encourage you to look at the successes we've had with sockeye and steelhead returns, Karier stated. And keep on this path – the collaboration and attention to science have been very fruitful, he said.

I echo Tom, said Dick Wallace. There are other things we can work on together, and this is a great opportunity for a dialogue, he stated. We've tried to be nimble and be sure that our F&W process works in concert with you, Wallace said. We stand ready to have our process complement what you are doing with transparency and good science, he added.

Wallace noted the interest of the Columbia Basin Trust in Canada in Columbia River Treaty issues and the possibilities of partnering with them on public outreach. I encourage our having more meetings with you like this one – we are very much partners, he said.

Jim Yost expressed thanks to Reclamation for funding a decontamination station in Idaho, and Bruce Measure expressed his state's appreciation for the agencies' continuing support of the Montana operation.

Council chair Bill Booth asked how the RIOG would work, what authority it would have with respect to the triggers, and who would make the decisions on the triggers. We are working on getting the RIOG in place, replied Thom. I look at it as an advisory group, he added. The action agencies have the decisionmaking authority, but we intend to listen to the RIOG, Thom said.

The RIOG is an evolving group, and the most significant issues will come before them, but the federal agencies can't give up their decisionmaking authority, said Wright. The RIOG is the primary forum for input from the region – we view it as important and encourage the states and tribes to engage in it, he stated.

The AMIP puts a lot of emphasis on the Council through the Independent Scientific Advisory Board (ISAB) and the Independent Scientific Review Panel (ISRP), Booth noted. We appreciate that and want to work with you to make that go smoothly, he added. We do see the Council as important in making this plan work, Wright said.



PNUCC's Early Plan Comments Make a Mark

Staffer Terry Morlan reported on comments the Council has been receiving on the draft Sixth Power Plan, noting there had been a "postcard campaign" from the Sierra Club and the Northwest Energy Coalition. Their main points, he said, are that the plan doesn't reduce carbon emissions, it just stabilizes

them, and they want the Council to take a more active stance in reducing emissions and advocating the reduced use of coal.

Morlan noted that many commenters favored doing more conservation and the use of more renewable energy. A labor union told us they are now training people to work in the conservation and renewables industries, he said.

Overall, we received many positive comments about the amount of conservation in the plan, according to Morlan. Some commenters favored breaching the lower Snake River dams, he reported. At the Eugene hearing, we heard opposition to the use of forest-based biomass, Morlan noted.

We heard from utilities that they thought the plan added a lot of value to the region, he stated. PNUCC sent its comments in early, and I appreciated that, Morlan said. It gave us a head start to review and incorporate them, he noted.

PNUCC recommended having a more explicit needs assessment at the beginning of the plan, with a clear presentation of how the plan will meet the needs and provide a more reliable power system in the future, Morlan said. PNUCC suggested that future power plans include a quantitative assessment of the capacity and flexibility needs of the region and that the Council reassess its planning models, he reported. They said the Resource Portfolio Model "is too much like a black box," Morlan said.

PNUCC recommends this plan include a scenario run that targets a particular carbon reduction target and demonstrates the lowest-cost way to meet that target, he told the Council. The Power Committee talked about how to do that in the context of the plan, Morlan noted.

PNUCC would also like to see more analysis of wind generation being developed for the California market and the effect that has on the Northwest, he continued. They also want the plan to do more to analyze the risks and uncertainties associated with conservation measures and targets, Morlan said. We are hearing these same comments from utilities at the hearings as well, he noted.

At the hearings, rural utilities have expressed concern about not being able to meet the conservation targets in the plan, Morlan reported. In Eugene, we heard from utilities that have been very aggressive in doing conservation in the past and are now concerned about being able to get recognition for their past conservation achievements, he pointed out.

In general, we've heard concerns about overreliance on any one resource, including conservation, Morlan said. We have also received comments about whether the region's utilities have sufficient incentives to do conservation, especially with respect to the price of electricity, he noted. We heard that prices are set too low to encourage the type of conservation expected by the plan, Morlan said.

Too Low, Too High, Just Right?

We have heard that the carbon prices in the plan are too low and also that they are too high, he reported. A group called Republicans for Environmental Protection told us that carbon restrictions and costs are coming one way or another, whether it's from legislation, litigation, or administratively from the Environmental Protection Agency, Morlan said.

We were told the plan should pay more attention to distributed generation, he noted. "Another thread of comments" has come

from people who favor nuclear generation, Morlan told the Council. They think nuclear power is the answer to satisfy society's increasing use of electricity, he said.

We need to discuss how to clarify what the plan says about carbon and the price of carbon, Yost stated. In the past, we received more comments on the way utilities use prices and rates to reduce consumption, Karier noted. We addressed that issue in the first power plan and got "soundly trounced" by public utilities in particular, Morlan said.

Morlan suggested looking at the issue in conjunction with the Northwest Energy Efficiency Taskforce (NEET) and added, "we should address pricing – it's one way to reduce consumption." We might need to do more – NEET hasn't really dug into that, said Karier.

When we did the fifth power plan, Ralph Cavanagh of the Natural Resources Defense Council gave us strong comments promoting decoupling, staffer Charlie Grist noted. Maybe we should focus more attention on regulatory incentives, he said.

Puget Power had an experiment with Time-of-Use pricing, and it seemed to be having an effect, Morlan pointed out. But it "got killed" by regulatory concerns and because it was thought that certain groups were being disadvantaged relative to others, he noted.

Wallace inquired about PNUCC's suggestion that the plan include a scenario with a least-cost path to achieving a carbon target. What would the target be? he asked, adding that answering the question "would be a good dialogue." Some states in the Northwest have emissions targets, Morlan replied. We could set a representative level of emissions and look at what the costs would be to get to it, he said. The comment from PNUCC is

good, and we should be responsive to it, stated Wallace.

The people who have come to our hearings have been "very creative," said Joan Dukes. At the Seattle hearing, she said she heard about neighborhoods where people are getting together and installing solar panels on their houses, thereby creating "pods" of renewable energy. I'd like to hear more about that, Dukes said. We'll look into that – it's an interesting community-based approach, responded Morlan.

Booth said he was interested in the comments at the Eugene hearing about fairness in meeting the new goals from utilities that had aggressive conservation programs in the past. We are encouraging BPA to address that, said Morlan. BPA has said it won't set specific utility targets, he added. As long as it's not a one-size-fits-all target, stated Booth.

Plan Update

Morlan reported on what staff has been doing to produce a final power plan. Besides reviewing and responding to comments, we are updating assumptions, making corrections and refinements to the model, and editing chapters, he said. There is a lot of work to be done, but we will do as much as we can to try to get a final document ready in December, Morlan added.



The Region Now Has Some High-Level Indicators

Staffer Nancy Leonard described the process used to develop Columbia River Basin High-Level Indicators, which are designed to track the progress of the Council's F&W program. She said the F&W committee discussed the proposed indicators and approved three for

the Council's report to Congress on the F&W program. They are: the abundance of fish and wildlife, including adult and juvenile wild and hatchery fish; hydro system survival and passage for both adult and juvenile fish; and Council actions, such as progress in mitigating habitat units, instream fish passage improvements, land protected for F&W, and coordination of Council F&W program actions.

The committee suggested the indicators be included in the Columbia Basin Fish and Wildlife Authority's (CBFWA) *Status of the Resource* report, Leonard noted. Rhonda Whiting said the committee thought including the indicators would enhance the *Status of the Resource* report. We wanted to get these indicators out the door, and we think they will enhance our report to Congress, she added.

This is an excellent amount of work, and the quality of the work is also excellent, stated Karier. These indicators emphasize what the Council is looking for – they give us a focus that is critical, he added. This is a good milestone, but there is more work to do, said Wallace.

Measure moved the Council approve three high-level indicators for the Council's report to Congress: 1) abundance of F&W, 2) hydro system survival and passage, and 3) Council actions, and recommend that CBFWA include the indicators in the *Status of the Resource* report. The motion also said the Council understands the information for the indicators is either currently available or will be collected within existing budgets, and that no additional Council funding obligation will result from adoption of the indicators, unless approved by the Council.

Karier seconded the motion. I haven't been an advocate of this process from the

beginning, said Melinda Eden. I don't understand the purpose of including management actions, and I have a problem with our definition of abundance of wildlife, she stated. I don't think we are doing what we say we are doing, and I'll probably vote against this, Eden said. I'm not happy with the final product, she added.

This was a compromise out of the F&W Committee, said Dukes. The motion passed on a 7 to 1 vote, with Eden voting no.

ICUA Explains Its View of the World



Jo Elg of Idaho Falls Power, president of the Idaho Consumer-owned Utilities Association (ICUA), kicked off a panel presentation on the association, noting it was chartered in 1948 and is composed of 14 rural electric co-ops and eight municipalities serving over 120,000 consumers. All our members contract with BPA for power and transmission services, she said.

ICUA's original purpose was to serve as a generation and transmission co-op to assist in bringing low-cost federal power to Idaho, Elg explained. We represent public power in Idaho, she said. ICUA's primary focus is on state issues, but recently we have focused on regional issues that are specific to Idaho public utilities, according to Elg.

Ralph Williams, manager of United Electric Co-op, explained the history of the General Transfer Agreements (GTAs), which he called "our lifeline to BPA." Williams recounted BPA's first attempt to build a transmission line from Oregon to Idaho, which was blocked by Idaho Power and Utah Power and Light. He said there was a lot of acrimony between IOUs and public power at that time. A second attempt to build a line

from Montana, Williams said, was blocked by J.R. Simplot.

In 1968, Idaho Power and BPA reached agreement on the GTAs for BPA customers, he said. The GTAs, which allow BPA to deliver power over lines owned by other utilities, have saved "huge dollars for Northwest ratepayers," Williams stated. Through the GTAs, BPA's Idaho customers have the functional equivalent of being connected directly to a BPA transmission line, he said.

But there have been new developments that have complicated the GTA arrangements, according to Williams. One is the Energy Policy Act of 1992, which has made it more difficult for BPA to meet its commitments under the GTAs, he stated. FERC Orders 888 and 889 have added even more complexity and difficulty, Williams said.

With the signing of new 20-year contracts with BPA, things have become even more complicated since the contracts enable customers to purchase non-federal power if they so choose, he noted. The ICUA is concerned that in the future, it may be harder for BPA to live up to its GTA commitments, even though it is working hard to meet them, Williams said.

Idaho needs more transmission, he told the Council. The ICUA is encouraging BPA to build a line to southern Idaho or to become a partner in new transmission projects that would come into the state, Williams stated.

Jim Webb, CEO of Lower Valley Energy, said that PacifiCorp and Idaho Power are proposing the Gateway West transmission line that would run about 1,000 miles of mostly 500 KV line from Wyoming to southern Idaho. We have encouraged BPA to become a co-owner of the project, he said.

The GTAs have served us well in the past, but things are changing, and that model might not work in the future, Webb stated. BPA's partnering in this line would help us in making our decisions about Tier 2 power, he said.

It would also help end the threat that westside utilities might launch an effort to have all the costs of the GTAs assigned to us, Webb stated. If BPA were an owner, our costs would be set and not vulnerable to each rate case, he said, comparing it to the difference between being a house owner and a renter. Webb urged the Council to encourage BPA to participate in the Gateway line.

Fred Brog, director of Lower Valley Energy, said he is "scared to death" the institutional knowledge about the GTAs might go away, and people will ask "what's this GTA stuff?"

Booth asked about BPA involvement in the Gateway project. It could be a participant in half the line, and BPA does have new borrowing authority to help it do that, replied Webb. At the end of the presentation, Booth said it is important for the Council to hear from consumer-owned utilities in the various states "so that we can get your perspective."

Sockeye Good Times are Rolling in Idaho



Paul Kline of the Idaho Dept. of Fish and Game (IDFG) reported on Idaho's sockeye salmon recovery program and strategy, which he said began in 1991 and is funded by BPA. IDFG is working with NOAA Fisheries to develop recovery plan language for Snake River sockeye salmon, he said. Kline explained IDFG's phased approach to recovery, which involves increasing smolt production, increasing use of anadromous

adults, and developing an integrated program that balances the use of wild and hatchery fish to address mitigation and conservation objectives. Support for expanding our program is firmly in place in the 2008 BiOp, the Idaho Fish Accord, and through the AMIP, he said.

We need to expand our hatchery infrastructure to produce the additional broodstock adults needed to meet increased smolt production expectations and to rear up to 1 million full-term smolts, Kline explained. He said IDFG leases the Springfield Hatchery and is negotiating to purchase the property. We will need to reconstruct the facility, but we have the funding in place to do that, Kline noted

He said 749,011 juvenile sockeye salmon smolts had been produced since the program began. We now need more smolt rearing space, Kline said. Why? he asked. Because when we put this program in place, it was to prevent extinction, and at the time, we didn't think about raising large numbers of smolts, Kline stated.

He reported high adult returns from IDFG's smolt release strategy. Kline said IDFG had developed an arrangement with the Oxbow Hatchery in Oregon and also found space at the Sawtooth Hatchery, and as a result, "we've inched our production up" to 200,000 smolts leaving the Stanley Basin each year. But we want 1 million smolts – that's our target under our recovery strategy, he stated.

Kline said that 2000, 2008, and 2009 produced high adult fish returns. The reasons for our success are: favorable environmental conditions, including the ocean; an eightfold increase in numbers of

smolts migrating; and the "safety in numbers" theory that protects against predators, he noted.

So for the time being, "life is good," Kline said. But, he added, the ocean "can turn this game down, so let's keep our fingers crossed."

Eventually, we plan to spawn more adults and release more of them to the habitat to spawn naturally, and we plan to integrate the wild and hatchery components of the program, Kline continued. We've enjoyed some success, and we are right at the starting point of the expansion phase of the program, he stated. I'm excited about it, and I hope you are too, he told the Council.

With the success you have achieved with the broodstock program, what would trigger you to say we think these fish can now make it on their own? Wallace asked. We have achieved success in raising these fish, and that took a while, replied Kline. We have to keep the breadth of the genome for this fish – "that's the bank," he said.

Maintaining genetic diversity is something we have to pay attention to for the foreseeable future because we could go back to low returns if "all the environmental ducks don't line up," Kline stated. So we'll watch for success, "but not close the bank," he added.

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Council 2009 Calendar

November 12-13	Teleconference
December 8-10	Portland, OR