

PNWCC REPORT Council



Northwest Power and Conservation Council February 11-12, 2014

In Portland, NOAA’s Bruce Suzumoto reported that the 2014 Supplemental Biological Opinion stays the course set by previous BiOps, with just a few tweaks, and NOAA’s Steve Smith added that 2013 fish survivals look pretty good. Council staff recounted what happened at a recent confab with EPA officials about greenhouse gas rules for existing power plants, and Susan Stratton explained the Northwest Energy Efficiency Alliance’s new lineup of priorities. Next Meeting: March 11-12 in Portland.

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The Agenda

Good News: The BiOp is Working!



Bruce Suzumoto of NOAA Fisheries explained that the 2014 Supplemental Biological Opinion (BiOp) responds to a court decision that said the mitigation program for the 2008 and 2010 BiOps lacked sufficient detail on habitat projects after 2013 and ordered NOAA to prepare a supplemental

document by January 2014. In the 2014 Supplemental BiOp, NOAA re-evaluated the previous analyses in light of today’s best science, he said. It looked at whether the Reasonable and Prudent Alternative (RPA) is being implemented as intended and the likelihood it will produce the expected results, and assessed whether habitat actions planned for 2014-2018, combined with the RPA, would avoid jeopardizing the continued existence of the listed fish, Suzumoto stated. We reviewed updated information on the biological status of the fish and found it is

within the range considered in the 2008 and 2010 BiOps, and that fish abundance is higher, and there is less risk of extinction, he reported. Productivity metrics are lower, but we think that may be a density-dependent effect related to the higher numbers of fish, Suzumoto said. We found that the fish species are doing quite well, so we didn't change our assumptions, he added.

We found that tributary and estuary habitat actions taken since 2007 are correctly targeting degraded conditions and benefiting fish populations, Suzumoto said. We think the habitat actions for 2014-2018 are sufficiently defined and are economically and technically feasible, and when added to projects carried out since 2007, are sufficient to achieve RPA habitat standards, he stated.

We didn't make many changes to the current implementation plans because most of the populations are doing pretty well, Suzumoto continued. We made some changes to transportation activities to try to get more fish on barges, he said. We will modify the fish transportation start date to better "spread the risk," and we will eliminate transportation at McNary Dam because the data shows little benefit due to configuration changes there, Suzumoto reported.

We will now base the transition from spring to summer spill operations on 95 percent passage of spring migrants and will stop summer spill in accord with a juvenile passage trigger number, he said. We have also decided to take action to reduce the number of cormorants nesting on East Sand Island to 5,500 pairs, Suzumoto added.

The Bottom Line

Our overall finding is that the RPA is being implemented as intended and is on track, he told the Council. For 22 of 24 fish

populations, we have higher survival estimates than in 2008, Suzumoto noted. After we looked at all the information, we think the RPA, as amended, is not likely to jeopardize the continued existence of the listed species or destroy or adversely modify their critical habitats, he said. Additional actions or modifications are not necessary to avoid jeopardy, Suzumoto concluded.

Do you have a sense of what legal action related to the BiOp might take place now? Council chair Bill Bradbury asked. We have filed a notice of completion with the court -- "we're done," replied Suzumoto. It's up to the plaintiffs to file a complaint, he said. The action agencies will issue Records of Decision at the end of February, Suzumoto added.

If there is no challenge, you would implement these regimes this spring? Bill Booth asked. Yes, the Corps will submit a fish operating plan the first week of March, Rock Peters of the Corps of Engineers replied.

Pat Smith asked about the spill regime. We propose to do what we have been doing all along, except for the spill changes I mentioned, replied Suzumoto. The fish operating plan will lay out the spill program for each project, and it will be pretty consistent with prior years, Peters said.

How far along are you with the plan to reduce the cormorant population? Tom Karier asked. We have developed a management plan over the past two years and will put out a draft EIS in June, replied Peters. Our goal is to start reducing the population in 2015, he added.

How many pairs are there now, and do you have an agreement with U.S. Fish and Wildlife Service (USFWS) about your goal to get to 5,500 pairs? Booth asked. There are between 12,000 and 15,000 nesting pairs,

Peters replied. We are working with USFWS and others to develop the EIS collaboratively, and it's going fairly well, though they haven't "signed on the dotted line" yet, he said.



2013 Fish Survivals Are Up

Steve Smith of NOAA's Northwest Fisheries Science Center reported on 2013 survival figures and travel times for PIT-tagged spring migrants in the Snake and Lower Columbia Rivers. He also presented information on returns of PIT-tagged adults transported from, and bypassed at Lower Granite Dam.

In the Snake River in 2013, there was below-average flow, except for a brief peak in mid-May, Smith noted. Water temperatures were a little warmer than average, and the amount of spill over dams was above average, especially in April, he said.

Smith pointed out that new surface passage structures at dams and the spill led to shorter travel times for migrating smolts in 2013. There was above-average survival for yearling chinook in all segments of the river, except for Lower Granite Pool, he said. Hydro system survival for both yearling chinook and steelhead was "a bit above 50 percent," Smith reported.

For yearling chinook, are you surprised the survival wasn't higher, given the hydro system improvements that have been done? Karier asked. Steelhead are more responsive to some of the system changes, while chinook as a species are not as responsive, replied Smith.

In 2013, we transported 33.6 percent of yearling chinook and 37.8 percent of steelhead, he reported. Spill encourages fish

to pass over the spillway and as a result, fewer are available for transport, Smith said.

We compared the adult return rates of transported versus non-transported fish and found that the smolt-to-adult return rate for transported fish exceeded that for bypassed fish for most of the season, although the benefit of transportation was reduced in 2006-2011, relative to earlier years, due to improved survival for in-river migrants, he stated.

Transported fish are returning three times more than bypassed fish, and for yearling chinook, it is a rate of 60 percent higher, Smith said. Are you factoring in ocean conditions? Booth asked. There was no attempt to model that in this analysis, replied Smith. Transported fish get to the ocean sooner, he noted.

Your study shows a consistent benefit of transport and that, if not for the court-ordered spill, survival for steelhead and chinook would have been higher, stated Karier. Everyone looks at different pieces of the life cycle, and I'm wondering if anyone at NOAA is trying to put all this information together, he said. The COMPASS model attempts to synthesize all this data and more, replied Smith.



Comments Praise and Slam Spill Test



Gilly Lyons of Save Our Wild Salmon said her group strongly supports the expanded spill test proposed in amendments to the Council's fish and wildlife program because it would help salmon recover and fight climate change. She referred to a letter her organization and the Northwest Energy Coalition (NVEC) sent to the Council February 4 that says the spill

test does not have to lead to increases in power sector carbon emissions and that energy efficiency, new renewable generation, and possibly solar generation from California, could replace hydropower lost to spill.

Fred Heutte of NWECC said his group and others see a convergence of strategies to address both climate change and increase salmon populations. He urged increased efforts to push those opportunities forward. We need to work together and realize the importance of meeting all the Council's objectives, including protecting fish and wildlife, as well as keeping the lights on and power rates low, Heutte said.

I'd like to comment on this since public power would be on the hook to fully fund the spill test, said Bo Downen of the Public Power Council. It isn't a test -- it is a wholesale change in river operations on top of the 10-year test that is under way in the BiOp, he stated. BPA's preliminary estimates are that the spill test would mean an additional \$110 million a year in costs, the loss of 600 average megawatts of hydro generation, and an 8 percent increase in rates, Downen said. This test would have real impact on ratepayers, and we need to keep in mind the Council's interest in the region having an adequate and economical power supply, he added. Downen suggested the Council ask BPA to make a presentation on its analysis of the spill test.

The expanded spill test is a huge issue for BPA customers, said Dan James of PNGC Power. We support the BiOp, as do three of the four states on the Council, he added. The BiOp was an experiment, and we got behind it, and it's working, James said. NOAA Fisheries doesn't support the spill test, he noted. It will kill fish and violate state water quality standards, James said. One key to the BiOp is the large number of habitat projects that BPA's customers are paying for, and we

can't afford the spill experiment on top of those costs, he concluded.

EPA Flies In to Talk Green House Gas



Staffer Charlie Black reported on a meeting EPA officials held in Portland in January to gather information and opinions as they prepare to write new rules to regulate greenhouse gas (GHG) emissions from existing power plants under Section 111(d) of the Clean Air Act. One topic of interest was the opportunity for multiple states to coordinate their efforts to achieve GHG emissions reductions, he noted.

Among the questions EPA is interested in, Black said, are what mechanism is available for cross-state collaboration, what changes to state regulations are needed, and how can power plant improvements for regional haze and other reasons be factored into the new rules.

EPA held three meetings, he noted, with the first being a conversation with officials from the Northwest and Intermountain states, including public utility commissioners, air quality regulators, and governors' energy advisors. One theme that emerged is that state regulators want to continue their role as the primary regulatory entity for investor-owned utilities, Black said. Strong interest was also expressed in having the federal rules be as simple and concise as possible; for example, just set a target and let each state meet it, he added.

The second meeting was a broader public gathering in conjunction with the Oregon Global Warming Commission, Black noted. One topic discussed was how and whether different states could structure a collaborative

regional least-cost solution to comply, he said.

The third meeting involved state officials and utility representatives, mostly from investor-owned utilities, Black reported. Northwest utility representatives brought up the fact that since they didn't have preference access to the federal hydro system, they had to make a different set of resource choices, he said. Coal "was pretty much it" for their generation source, and that has led to the issue of equity impacts on those utilities and their ratepayers, Black added.

Utility reps also expressed interest in getting "early-action credit" for decisions to shut down coal plants, he stated. Overall, nothing conclusive came out of the meetings, but there was agreement that more discussions should be held, Black said. Bradbury asked about the treatment of utilities that retire coal plants. Most utilities are looking at a portfolio to replace that power supply that includes natural gas, and they would like not to be penalized for adding gas generation associated with shutting down a more carbon-intensive resource, Black explained. Which states attended? Smith asked. The four Northwest states, plus Utah and Wyoming, Black replied.

NEEA Previews Its Five-Year Plan



Jim West, chair of the Northwest Energy Efficiency Alliance (NEEA) board, and Susan Stratton, NEEA executive director, briefed the Council on the organization's strategic vision and business plan for 2015-2019. West said NEEA receives funding from over 100 utilities and works in partnership with utilities to accelerate energy efficiency.

The region has exceeded the Council's annual energy savings target for the eighth year in a row, Stratton said. NEEA is 10 percent of the regional investment in energy efficiency, and for some utilities, we deliver up to 20 percent or more of their savings, she noted.

We have proposed an annual budget of \$37 million a year in our business plan, about the same as in the last few years, Stratton reported. Have allocations within the budget changed? Smith asked. A large amount now goes to residential, while in earlier years, there was more emphasis on industrial, and so that's a shift, replied Stratton.

What about your ability to adjust once the Seventh Power Plan takes shape? Smith asked. If something comes up in the plan, our board could re-open contracts or adjust work in them within the budget, replied Stratton. At our last board meeting, we talked about the Seventh Plan and how we will need to factor it in, added West.

The current landscape is one of slow and uneven economic recovery, with low load growth and pressure to keep electric rates low, Stratton said. Energy efficiency is a driver of customer satisfaction, and while the low-hanging fruit is disappearing, "there is more fruit growing," especially due to new technologies, she added.

Our two proposed strategic goals, Stratton noted, are to fill the energy efficiency pipeline with new products, services, and practices, and create market conditions to accelerate and sustain the market adoption of emerging energy efficiency products, services, and practices.

Tuning Into Savings

She explained NEEA's successful work with energy efficient televisions. Today 60 percent

of the region's TVs are more energy efficient than they were just three years ago, and NEEA's involvement made that happen faster than it would have, Stratton said. Did you give subsidies to retailers? Booth asked. We negotiated with them, and if they would stock the efficient TVs, we would pay them a subsidy between \$8 and \$20, and because their margins are so slim, they liked that, Stratton replied.

This was one of our most cost-effective programs, she added. It is a perfect example of NEEA working upstream to transform the market, and we are going to use a similar approach in our next strategic plan, West said.

NEEA's market transformation efforts, combined with the work utilities are doing, is "the gold standard in the country," Stratton told the Council. The six strategic markets in our business plan are: consumer products, residential new construction, commercial lighting, commercial real estate, commercial new construction, and irrigated agriculture, she said.

NEEA's work is really pioneering and impressive, commented Karier. Few organizations in the Northwest or the country are capturing these economies of scale, he noted. It looks like NEEA is evolving, and it makes sense to do so, Karier added.



What's New with Oregon's RPS?

Julie Peacock of the Oregon Dept. of Energy gave a presentation on Oregon's Renewable Portfolio Standard, noting the legislature enacted the statute in 2007. Under the law, utilities must deliver a percentage of their electricity from renewables by 2025, with interim standards for large utilities, she said.

Three utilities, Eugene Water and Electric, Pacific Power, and Portland General Electric, qualify as large utilities (greater than 3 percent of state load) at this time, and their RPS percentage for 2015 is 15 percent, Peacock explained. Five smaller utilities, Central Lincoln PUD, McMinnville Water & Light, Umatilla Electric Co-op, Springfield Utility Board, and Clatskanie PUD, have no interim obligations, but are required to have 10 percent renewables in 2025, she said. We project Umatilla will move into the large utility category in 2018, Peacock noted.

Smaller consumer-owned utilities and Idaho Power have their first compliance of 5 percent in 2025, she reported. Peacock explained various flexibility mechanisms, for example, a utility is not required to comply with the RPS in a given year if the incremental cost to do so exceeds 4 percent of its annual revenue requirement, and utilities can bank renewable energy credits (RECs) for compliance in future years.

Hydroelectric efficiency upgrades made after January 1, 1995 qualify under the law, as do low-impact hydro projects certified by the Low-Impact Hydropower Institute, but there is a limit of 90 aMW of low-impact hydro that a utility can use in a year, she said. New hydro projects operational after January 1, 1995 and located outside protected areas also qualify, Peacock noted.

Since 2007, there have been several minor changes to the RPS, she reported. For example, one required investor-owned utilities to meet a portion of the RPS with solar PV systems in Oregon, which count for two times the credit, and another allowed energy from biomass and municipal solid waste facilities built before 1995 to qualify, Peacock said. In 2011, a bill passed that allowed any facility that ends use of coal and switches to a renewable energy source after

2011 to qualify as a “new” facility under the RPS, she noted, adding that allows PGE’s Boardman plant to qualify once it is transformed to renewable energy.

BPA is registering efficiency upgrades at Grand Coulee Dam as eligible and will distribute Oregon-eligible RECs from Grand Coulee to its customers, Peacock said. BPA has analyzed how many RECs efficiency upgrades from Grand Coulee, Bonneville Dam, and Cougar could generate for Tier 1 customers, she stated. A lot of small utilities’ requirements will be satisfied by certifying these BPA hydro facilities, Peacock said.

A bill in the legislature, HB 4126, would extend the “glide path” and amount of unbundled RECs a consumer-owned utility can use when it transitions from a small utility to a large utility under the RPS, she noted. This would allow more flexibility in complying with the RPS, Peacock said. HB 4126 also requires the Oregon Public Utility Commission to study the impacts of electric utilities offering a “green tariff” to non-residential customers and allows the OPUC to approve such a tariff, she added.

Pre-Rate-Proposal Processes Proliferate



Nancy Mitman of BPA briefed the Council on public involvement processes BPA will conduct before making its FY 2016-2017 rate proposals. She said BPA’s Integrated Program Review (IPR), which gives stakeholders a chance to review BPA’s program-level budget estimates prior to spending levels being set, kicked off in January and will continue from May through July. The IPR covers near-term capital and expense spending forecasts and is the place

for customers who “want to scrub numbers and spending levels,” Mitman noted. BPA’s Capital Investment Review, which affords an opportunity to discuss BPA’s draft asset strategies and 10-year capital forecasts, will start February 21, she said. It will cover transmission, federal hydro facilities, information technology, energy efficiency, F&W, and other BPA investments, Mitman explained. There has been a lot of interest from customers in our having a prioritized portfolio of investments, she said.

In June and July, we will conduct debt management workshops to gather feedback on access to capital issues, financing tools, and BPA’s long-term debt management strategy, Mitman reported. In November, we will issue an initial power and transmission rate proposal for FY 2016-2017, with a final expected by July 2015, she said.

Will BPA’s budget have flexibility to reflect what comes out in the Council’s Seventh Power Plan? Karier asked. We expect to have lots of conversations with you before we file our rate proposal, said Peter Cogswell of BPA.

I hope your new rate proposals will continue BPA’s significant commitment to conservation, said Henry Lorenzen. Mitman said BPA’s post-2011 conservation public process is looking at future conservation strategies.

How does BPA pay for energy efficiency? Black asked. BPA capitalizes some parts, and there is an ongoing discussion about capital versus expense, which is being addressed in the post-2011 process, Mitman replied. We have also done third-party financing and propose to do more of that in the future, she added.

Black asked about the “affordability cap” in the Capital Investment Review. Our customers have told us we really need to scrub our capital program, and so this year, we are proposing to prioritize our capital investments, Mitman said. As part of that, we will establish an affordability cap, which is a target range for annual capital spending, she stated. The cap is generating a lot of interest from customers, Mitman added.



Columbia River Conference Topics Includes the Treaty

Former Council member Larry Cassidy said the 2014 Columbia River Conference will be held October 21-23 in Spokane, in conjunction with the Columbia Basin Trust of British Columbia. The theme is “Learning From Our Past to Shape Our Future,” and the purpose is to bring together leaders from both sides of the border to discuss the future of the Columbia River Basin, he said. Cassidy will co-chair the conference.

Among the conference topics are transboundary ecosystem management, water governance, including the Columbia River Treaty, climate change, and energy/hydropower, he said. Oversight committees for government, tribes and First Nations, utilities and industries, interest groups, and universities and youth have been put together for the conference, Cassidy noted. Current members of the utilities oversight committee are Fortis BC, Columbia Power Corp., Teck Resources Ltd., as well as Grant and Chelan PUDs and Seattle City Light.

Booth suggested the conference address the different ways the two countries treat endangered species. Jennifer Anders said the conference aim is to bring together diverse groups in the hope they would work together to problem solve and come up with new ideas. It’s good timing for this conference, with the Columbia River Treaty on the table, she added.

End Notes

Scrutinizing F&W Economics. The Council approved a \$6,300 task order for the Independent Economic Analysis Board (IEAB) to provide an economic perspective as the Council considers amendments for the 2014 Fish and Wildlife Program. The IEAB would offer advice on the economic implications of specific program recommendations and suggest how economics can be applied to improve the cost-effectiveness of the program.

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