

Bruce A. Measure
Chair
Montana

Rhonda Whiting
Montana

W. Bill Booth
Idaho

James A. Yost
Idaho



Joan M. Dukes
Vice-Chair
Oregon

Bill Bradbury
Oregon

Tom Karier
Washington

Phil Rockefeller
Washington

Council Meeting Coeur d' Alene, Idaho

November 8-9, 2011

Minutes

Council Chair Bruce Measure called the meeting to order at 1:45 pm on November 8th and adjourned it at 10:18 am on November 9th. All members were present.

Reports from Fish and Wildlife, Power and Public Affairs committee chairs:

Bill Booth, chair, fish and wildlife committee; Tom Karier, chair, power committee; and Rhonda Whiting, chair, public affairs committee.

Bill Booth reported that the Fish and Wildlife (F&W) Committee had a follow-up discussion on items and issues from the workshop the committee held on November 2. We had a presentation on the Hatchery Science Review Group's progress and an update on reports of infectious salmon anemia, he said. The committee discussed the findings of the staff survey on subbasin plans, which show that the plans are being used, but that they are a little out-of-date now, Booth noted. We are looking at a way to update them "without a full-scale redo," he said.

Tom Karier reported that the Power Committee held a retreat to talk about upcoming staff retirements within the power division and how to replace that expertise. We also looked at a 2012 work plan for the division and talked about the next power plan, he said.

Rhonda Whiting showed a video prepared under the direction of the Public Affairs Committee about salmon predation in the Columbia River Basin.

1. Update on Columbia Basin Trust activities:

Garry Merkel, chair, Columbia Basin Trust.

This agenda item was deferred.

2. Presentation by Idaho Department of Fish and Game:

Virgil Moore, Director.

Virgil Moore, director of the Idaho Dept. of Fish and Game (IDFG), briefed the Council on the agency's organization, priorities, and activities. He showed a video on the history of the IDFG, explained its mission, and discussed its strategic plan, called "the compass." Moore described projects funded by the Council that the IDFG is managing and said that Council funding is a critical component of the agency's budget.

We function as partners with the Council, he stated, describing a variety of projects under way in Idaho to benefit anadromous fish, resident fish, and wildlife. Moore also explained the 2008 Fish Accord and what it has enabled them to accomplish. He said the department has a shrinking funding base, so he really appreciates partnerships with other agencies and the Council.

Idaho, with the support of the Council and BPA, is on the leading edge with a number of projects, including genetics, supplementation, and white sturgeon, noted Booth. Phil Rockefeller pointed out that BPA is facing some financial constraints and may not be able to fund things it funded in the past. He asked how that might affect Idaho's Accord funding package. Our challenge is to keep our most important projects functional, replied Moore. IDFG has the lowest overhead rate of any government entity in the Pacific Northwest, he pointed out.

We'll continue to manage carefully so we can fund as many projects on the ground as possible, Moore stated. I expect BPA to figure out how to keep its commitment, and if not, I will want to have a conversation with them and with the Council about that, he said. I don't want to see that Accord violated, Moore added.

3. Presentation on Idaho Energy Plan:

Idaho State Representative George Eskridge.

Idaho state representative George Eskridge, co-chair of the Idaho legislature's Interim Energy, Environment, and Technology Committee, briefed the Council on draft recommendations for Idaho's 2012 energy plan. The new plan will replace and update the state's 2007 energy plan, he noted.

The Strategic Energy Alliance, an advisory group to Governor Butch Otter, has recently released a set of recommendations for the new plan, Eskridge said. We have also asked the public to provide comments on it, he stated. One of the key aspects of the plan is to help citizens understand more about energy and to realize "there's no free lunch" with respect to it, Eskridge added.

Among the objectives for the plan recommended by the Alliance, he explained, are to: ensure a secure, reliable, and stable energy system for the citizens and businesses of Idaho; maintain the state's low-cost energy supply and ensure access to affordable energy for all Idahoans; protect Idaho's public health, safety, and natural environment and conserve Idaho's natural resources; and promote sustainable economic growth, job creation, and rural economic development.

Recommended electricity policies and actions, Eskridge said, call for the state to: enable robust development of a broad range of power generation and energy efficiency resources “within environmentally sound parameters that are cost-effective.” The final draft of the Alliance’s recommendations changed the ranking of cost-effective conservation, energy efficiency, and demand response from the highest priority electricity resource to “a priority,” he noted. The Alliance also decided to drop specific wording in the plan about “incentives” for renewable energy in favor of more general language of encouragement, Eskridge said.

As for natural gas, recommended policies seek to ensure that Idaho consumers have access to a reliable supply, as well as support for the responsible exploration and production of natural gas supplies and expansion of the transmission, storage, and distribution infrastructure, he explained. We’ve discovered natural gas reserves in southwestern Idaho, and that’s been a subject of some controversy, Eskridge noted.

The plan calls for Idaho to examine the potential of having a regional energy roundtable with neighboring states to discuss common energy market economic development interests and managing energy-related policy risk, he said.

Eskridge described public comments that have been coming in about the Alliance’s recommendations. They include, he said, calls to return conservation and energy efficiency to the “highest priority” ranking in the plan and the establishment of a consumer advocate office to represent ratepayers.

Eskridge pointed out that Idaho’s plan doesn’t contain a mandatory resource portfolio standard. We feel confident in the energy efficiency and renewable energy development that has been accomplished by utilities, and we don’t think we need a mandatory standard, he said.

We will present our formal recommendations for the 2012 plan in the upcoming legislative session, Eskridge told the Council. Once you finalize the plan, how does it get implemented? Bill Bradbury asked. One result of the 2007 plan was the use of incentives for developing new wind resources, and possibly even an “oversuccess” in doing that, Eskridge replied. Also, the Public Utilities Commission has been more amenable to putting conservation into utility rate base, and I like to think it was part of the implementation of the energy plan, he said. You’ve done a good job of reaching out to get public comments, and I compliment you on your effort to extend opportunities to everyone to participate, Jim Yost said.

4. Presentation by Independent Economic Advisory Board on Potential Benefits of Irrigation Efficiency for Fish and Power:

John Duffield, Chair, IEAB.

John Duffield, chair of the Council’s Independent Economic Analysis Board (IEAB), gave a presentation on the IEAB’s report on how irrigation efficiency and water transaction programs have been used to get water into streams to help fish and how these affect power generation and demand. The Council’s F&W program includes irrigation efficiency projects, such as piping, lining ditches, and converting from surface to sprinkler application, as well as water transactions that involve making payments to buy, lease, or modify water rights, he said.

We did case studies of eight basins in the Northwest and found that aggregate expenditures by BPA on pipeline and sprinkler infrastructure were \$13.8 million in 2004-2011 and for water transactions, it was \$27.2 million, Duffield reported. So the region has spent about \$40 million already, and about half of that is from the Council's F&W program, he noted. Water transactions have been able to attract other funding sources, including landowners, electric utilities, states, tribes, and other federal funds, so these projects tend to cost the Council's program less than irrigation efficiencies, which aren't as highly leveraged, Duffield pointed out. We aren't saying "scrap the irrigation efficiency projects," though, because they can deal with certain situations that water transactions can't cover, he said.

Our case studies show that both irrigation efficiency and water transaction programs have been used successfully to increase streamflows at costs below \$50 an acre-foot a year, Duffield reported. The potential going forward appears greater for water transactions than for irrigation efficiency, he said. Many opportunities for low-cost irrigation efficiency projects appear to have already been undertaken, and water transfers are more flexible and allow water users to decide how to meet contracted obligations at least cost, Duffield explained.

We found that targeted irrigation efficiency improvements to benefit fish are unlikely to have much effect on regional power supply or demand, but changes in the types of irrigation technology may have more noticeable effects, he said. In recent years, most of the change has involved conversion from gravity irrigation to pressurized sprinklers, which increases the use of electricity for irrigation, Duffield noted.

In the future, higher energy costs could encourage conversions from high-pressure to low-pressure systems, such as drip or trickle irrigation, he added. So this transition in agriculture is having implications on power use, but this is not coming from projects funded through the Council's F&W program, Duffield said.

He also presented the IEAB's annual report, which explains the work the IEAB did during FY 2011. Duffield suggested several tasks the IEAB could undertake in the future. They include: a study of the cost-effectiveness of fish-friendly hydropower turbines; a cost analysis of alternative operations, such as barging, to benefit migrating juvenile fish; a study of the costs of wind and solar power generation and integration; and an update on the economic risk assessment of the potential establishment of zebra and quagga mussels.

5. Council decision on Project Reviews:

Mark Fritsch, manager, project implementation.

– Quarterly Review of Within-year Project Funding Adjustments for Implementation

Staffer Mark Fritsch presented a request from the Bureau of Reclamation for \$575,000 for construction costs associated with the renovation of the Glead fish screen in the Naches River. The screen, originally built in the early 1990s, is part of Reclamation's operation and maintenance program for BPA-owned fish screen facilities in the Yakima River Subbasin, he noted. This is a Biological Opinion (BiOp) project, Fritsch said.

He pointed out that BPA submitted a letter to the Council in October recommending deferral of the project due to funding constraints. Does BPA have enough money for FY 2012? Karier asked. Our budget is \$237 million, said BPA's Bill Maslen. Our October spending was higher than we have ever seen, and we are currently doing an analysis of all our spending, he stated. We intend to meet our obligations within the budget, and we will keep you informed as we understand the situation better, Maslen told the Council.

Joan Dukes moved that the Council recommend to BPA that it fund the within-year budget request of \$575,000 to be taken from the 2012 BiOp Placeholder to cover construction costs associated with the renovation of the Glead fish screen in the Naches River. Bradbury seconded, and the motion passed.

6. Update on Category Reviews:

Lynn Palensky, program development.

Staffer Lynn Palensky updated the Council on the category reviews for resident fish/blocked areas, data management, and program coordination projects, which launched on September 1. She showed a slide show on a recent three-week tour to look at resident fish projects in several states.

Palensky explained the latest proposed schedule for the category reviews, which would have proposals due on November 30 and a final report prepared by April 3. She said the new schedule is a one-week shift from the previous proposal. The Council approved the schedule with a head nod.

7. Briefing on RTF Policy Advisory Committee recommendations:

Terry Morlan, director, power division.

Jim West of Snohomish PUD, co-chair of the Regional Technical Forum (RTF) Policy Advisory Committee, presented the committee's recommendations to the Council. The committee recommends the RTF's scope of work focus on efficiency measure savings, protocols for estimating savings, coordination of research to improve savings estimates, and reporting on regionwide savings, he said. "That's the core of what RTF activities should consist of," West added.

The RTF should review evaluation findings only to inform its own determinations, he said. Review of other parties' program impact evaluation designs would only occur on request by the program administrator, West noted.

The "big value" of the RTF is its coordination and clearinghouse role, he said. The RTF's role in program impact evaluation, primary data collection, and review of others' estimates should be limited to coordination, minimizing duplication of efforts, and dissemination, West added. The committee agrees with the RTF's work plan and three-year business plan and recommends increased contract staff support for the RTF or addition of an RTF-funded Council staff position, he said.

We recommend RTF funding of \$1.5 million per year for the next three years, starting in 2012, West told the Council. The RTF should use the proportional allocation for FY 2012-2014 funding the Northwest Energy Efficiency Alliance (NEEA) uses, he said. That topic got the most discussion in our early meetings, West reported. We looked at other approaches, but decided to recommend the NEEA methodology, he said.

Although we had a consensus to move forward with this recommendation, NorthWestern Energy had concerns about this approach, West pointed out. We will work with NorthWestern to ease those concerns, he added.

The committee supports the guidelines to improve the clarity, transparency, and operational effectiveness of the RTF, West stated. The committee has not made a recommendation on the RTF charter and bylaws, but we will have additional discussion, and I expect we will reach consensus on those items, he said.

The advisory committee was a very efficient process, resulting in succinct and specific recommendations for the Council, and there was broad representation across the region, said Tom Karier.

Phil Rockefeller questioned the recommendations regarding scope of work. It sounds like we would receive reports, but not worry about validating them, he said. It concerns me if we have protocols to estimate savings, but no way to true them up and validate them, Rockefeller added. Staffer Charlie Grist explained the recommendation addressing program impact evaluations. If a utility does an impact evaluation of an entire program, it can bring the program to the RTF for review, but the distinction is the RTF wouldn't validate or pass judgment on the results, he said. It's a distinction between the role of regulatory commissions and the role of the RTF, Grist stated.

Bradbury said he attended two of the committee meetings and found it "very impressive" how the entire group was able to come together and support keeping the RTF functioning so it can provide good estimates of energy-saving measures.

8. Update on direct use of natural gas policy paper:

Terry Morlan.

Staffer Terry Morlan said there is more work being done on the direct use of natural gas policy paper and that this item would not be presented at the meeting.

9. Council Business:

– Approval of Minutes

Dukes moved that the Council approve the minutes of the October 11-12, 2011 Council meeting held in Portland, Oregon. Yost seconded, and the motion passed.

– Council decision on contract for Genesys Model programming

Morlan asked for Council approval of a contract to enhance the GENESYS model, which is used to assess the adequacy of the Northwest's power supply and to analyze the hydro system. As the

region has acquired more variable generation and as summer peak loads have grown, it has become more important to be able to analyze hourly operations properly, he explained.

Staff has identified several improvements that could be made to the model, Morlan said. These include: incorporation of Canadian hydro operations into the model to help in the analysis of alternatives being examined in the Canadian Treaty discussions; improving the hourly hydro simulations of the model to enhance assessment of wind integration and capacity issues; improving the model's ability to simulate the dispatch of thermal resources; and adding new data output files that will be the source for the *State of the System* report on the adequacy of the power supply. He presented a request for an 11-month contract with a private contractor in the amount of \$60,000, half of which would come from the Council and half from BPA.

Dukes moved that the Council approve a contract with Gwendolyn Shearer for the purpose of assistance in upgrading the GENESYS model, for the period October 1, 2011 through September 30, 2012 for the amount of \$60,000. Karier seconded, and the motion passed.

– **Public comment on draft revised adequacy standards (Council Document 2011-13)**

There was no public comment.

Approved December 6, 2011.

/s/ Joan M. Dukes
Vice-Chair

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