

W. Bill Booth
Chair
Idaho

James A. Yost
Idaho

Tom Karier
Washington

Dick Wallace
Washington



Bruce A. Measure
Vice-Chair
Montana

Rhonda Whiting
Montana

Melinda S. Eden
Oregon

Joan M. Dukes
Oregon

Council Meeting Portland Oregon

February 10-11, 2009

Minutes

1. Update on Pacific Ocean Shelf Tracking (POST) activities:

Larry Cassidy, Chair, POST; and Jim Bolger, Executive Director.

Former Council member Larry Cassidy, who chairs the management board of the Pacific Ocean Shelf Tracking Project (POST), described POST's current activities. POST, which allows for seamless tracking of marine animals through a network of undersea tracking arrays, is part of an effort that involves over 2,000 scientists in 80 countries, he said, noting that current installations reach as far south as Point Reyes in California, and as far north as Graves Harbor in Alaska.

Jim Bolger, POST's executive director, said what started as a tool to track salmon is now following 15 aquatic species. The data being collected has implications for planning and management of species and helps inform recovery and conservation plans, he stated.

Booth asked what Cassidy foresees for the future of POST. Cassidy said the aim is to expand the accumulation of data and to bring on more collaborators. We want to find more answers from the ocean, he stated.

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

Rhonda Whiting chair, fish and wildlife committee; Melinda Eden, chair, power committee; and Dick Wallace, chair, public affairs committee.

Rhonda Whiting, chair of the Fish and Wildlife Committee, reported that Brian Lipscomb of the Columbia Basin Fish and Wildlife Authority (CBFWA) discussed changes to the Status of the Resources (SOTR) Report with the committee. The committee also discussed the quarterly within-year project funding requests and agreed to recommend funding adjustments for six projects that total \$703,904 in expenses and \$3.5 million in capital, Whiting said.

Whiting said staffer Lynn Palensky provided an update on the latest categorical reviews: wildlife, and research, monitoring, and evaluation (RM&E). The next categorical review will be on artificial production, she stated. There was a presentation on the administrative procedures for both of our science review panels, Whiting said, and we had an update on the Wenatchee Stream Complexity Project from Council and Chelan County staff.

Melinda Eden, chair of the Power Committee, said the committee agenda had five items, including a proposal for how to deal with climate change in the Sixth Power Plan. She also noted that a final analysis on the physical impacts of climate change on the power system will not be available until after the draft plan is written. The committee had a presentation on Smart Grid that used the example of water heating as a way to increase energy efficiency, and on demand response, Eden reported.

Staff made a presentation on the potential for coal gasification technology in the region, she continued, and the Sixth Plan may include a recommendation for research and development on carbon sequestration. Woody biomass is another potential resource to consider in the power plan, Eden said, and the staff said there could be 660 MW of potential.

The committee agreed it was time to release the draft demand forecast appendix for review and comment, she concluded.

Public Affairs Committee chair Dick Wallace said Council members have scheduled a visit to Washington, D.C., March 3-4 to meet with members of the Congressional delegation. We will have a completed fish and wildlife program to take with us, he added. Public affairs staff is also going to conduct a survey on use of our website, and work has begun on a strategic plan, Wallace reported.

2. Council decision and adoption of the amendments to the Columbia River Basin Fish and Wildlife Program:

Tony Grover, director, fish and wildlife division; John Shurts, general counsel, Patty O'Toole, program implementation manager; and Sandra Hirotsu, senior counsel.

Chairman Bill Booth teed up Council adoption of an amended Columbia River Basin Fish and Wildlife Program, saying the staff and Council had worked on the program for months and hammered out final issues in Missoula. Bruce Measure made a proposal to change language related to the Fish Passage Center (FPC) Oversight Board. He suggested dropping the last part of the following statement, starting with "before": The Oversight Board shall determine the requirements for peer review of analytical products *before dissemination to an audience broader than the manager(s) requesting the analysis.*

The FPC has come under criticism from time to time, and to allay the concerns of its detractors and supporters, I'd suggest making the change and having a peer review requirement established, Measure said.

Melinda Eden objected to the change. The FPC was set up so managers would have a way to analyze and discuss the operations of the hydro system, she said. I have no problem with peer review or developing a policy, but I don't want others to determine what peer review is needed

for a manager's request, Eden indicated. It's up to the fish managers "to take the risk" if they use data that has not been peer reviewed, she said.

I support the motion, Tom Karier stated. We set up the oversight board to give guidance to the FPC, he said. The board is capable of setting up the peer review process, Karier said, adding that such review would avoid problems.

There has been a problem with information that has gone out to the public too early, Measure agreed. An example is the information from FPC that the large sockeye return in 2008 was attributable to spill, when the NOAA Science Center's later review of the analysis came to a different conclusion, he noted.

Eden said Measure's proposal could put the peer review requirement ahead of an analysis being released to the manager making the request. Joan Dukes agreed, saying peer review does not necessarily resolve anything. It often results in multiple opinions, she said. The FPC came about at the request of the fish managers so they could get analyses done, Dukes pointed out. We are now saying some other group decides if they can have the analysis they want, she said. Maybe the oversight board will agree with the request, but maybe they won't, and "that's not fair to the fish managers," Dukes stated.

Measure said he strongly favors the proposed change and moved that the Council amend the language as he proposed, so the sentence would read: "The Oversight Board shall determine the requirements for peer review of analytical products." Karier seconded the motion. The motion passed on a five-to-three roll-call vote. Measure, Whiting, Karier, Dick Wallace, and Booth voted aye; Eden, Dukes, and Jim Yost voted no.

After review and clarification of language on page 44, Measure made a motion that the Council approve the amended Columbia River Basin Fish and Wildlife Program presented by staff with the changes made by the members at today's meeting, direct the staff to prepare the appropriate findings and response to comments for consideration by the Council at a later meeting, and direct the staff to work with the members to prepare the amended program for publication and provide notice of the amended program to the public. Wallace seconded the motion.

Eden made a request to bifurcate the vote. She offered an amendment to the first part of the motion to approve the amended Columbia River Basin Fish and Wildlife Program presented by staff with changes made by the members at today's meeting except for Section 6, the Mainstem Section, pages 64-112, which will be voted on separately. Dukes seconded the motion.

"It should be no surprise that Oregon has trouble supporting the operations called for in the mainstem section," she stated. Separating the mainstem operations from the rest of the program "would give the Oregon members an opportunity to vote in favor of a large portion of the program," Eden said. She added that there was precedent in previous amendment processes for voting separately on sections of the program.

Karier said he opposed the amended motion, calling it "a new precedent and not a good one." He said states should not "pick and choose" pieces of the program to support. My preference is for a package vote – dissenters have the opportunity to voice their position on the record, Karier added.

Dukes said the program was adopted section by section in 1994 as a courtesy to Montana. Eden's motion to bifurcate the vote passed on a five-to-three vote, with Measure, Whiting, and Karier voting no.

Measure offered a motion to amend the Columbia River Basin Fish and Wildlife Program *without* the mainstem section, pages 64-112, and Eden seconded. The vote was unanimous in favor of the motion.

Measure then made a motion to amend the program with the inclusion of the mainstem provisions, Section 6. He moved that the Council approve the amended Columbia River Basin Fish and Wildlife Program presented by staff with changes made by the members at today's meeting, including pages 64-112, direct the staff to prepare the appropriate findings and response to comments for the considering by the Council at a later meeting, and direct the staff to work with the members to prepare the amended program for publication and provide notice of the amended program to the public. Approval requires a vote consistent with Section 4(c)(2) of the Northwest Power Act: the amended program shall not be approved unless it receives the votes of: (a) a majority of the members appointed to the Council, including the vote of at least one member from each state with members on the Council, or (b) at least six members of the Council. Karier seconded the motion.

Dukes expressed regret that "we ended up here" adding that she would vote no.

Eden said she agreed with Dukes' comments. I can't vote against my state's interest, she said.

The motion was adopted on a six-to-two vote, with Dukes and Eden voting no. Eden served notice that there would be a minority report from Oregon.

Booth said he was disappointed there was not consensus on the entire program. But I respect Oregon's point of view, he stated. There were "mountains of input" into the program, and each of us compromised, Booth said. "It's a good program and will do good things for fish and wildlife," he said, adding that the Council relied heavily on the recommendations of its fish and wildlife partners. We reached consensus on all but a narrow part of the program, and I'm proud of the work we did, Booth added.

3. Council decision on Quarterly Review of within-year Project Funding Adjustments:

Mark Fritsch, manager, project implementation.

Staffer Mark Fritsch described the within-year budget requests for six projects: Methow Valley Irrigation District East Diversion Dam Replacement; Protect and Restore Mill Creek; Non-Federal Smolt Monitoring; Research to Advance Hatchery Reform; Southern Idaho Wildlife Mitigation; and Upper Columbia United Tribes M&E Program.

Fritsch described the Methow Valley project as one BPA implemented for BiOp reasons, and it has come to the Budget Oversight Group (BOG) with a \$216,000 request. Eden said she would support the project, but objected to the cost-share condition. If this is BPA's responsibility, it

should not depend on a cost share, she indicated. This should not be a precedent for future cost shares, Eden added.

Fritsch said the request for the Mill Creek project is to cover the cost of sediment control measures that were necessary because of a slide in May 2008. BOG said the request did not warrant Independent Scientific Review Panel (ISRP) review, he said.

The smolt monitoring project is seeking \$124,968 in additional funds to cover more staff, Fritsch continued. The research to advance hatchery reform has put in a \$297,891 request, he said. The project budget is being kept at the 2008 level until a review of the scope is done, Fritsch said.

The Southern Idaho project is seeking \$3.5 million in capital funds for a conservation easement, he said, and the UCUT's M&E project is getting ready for full startup and will be establishing reference sites to collect data with the additional \$71,469 requested.

Measure made a motion that the Council recommend that Bonneville fund the six within-year project funding requests as presented and conditioned by staff, in an amount not to exceed \$703,904 in expense funds and \$3,500,000 in capital for fiscal year 2009. Eden seconded the motion, which passed unanimously.

4. Council decision on the follow-up action for the Wenatchee Stream Complexity Project, #2007-325-00:

Mark Fritsch

Fritsch and Mike Kaputa of Chelan County briefed the Council on the Wenatchee Subbasin Complexity Proposal. Fritsch described the project, which aims to recover watershed processes and functions in the Wenatchee River subbasin. Kaputa described details of the sequenced review proposal.

Measure made a motion that the Council recommend a sequenced site review for the UPA Wenatchee Subbasin Complexity Proposal, with the understanding that if the ISRP reviews are favorable that site implementation can proceed. Dukes seconded the motion, which passed unanimously.

5. Update on the HSRG final report:

Peter Paquet, manager, wildlife and resident fish.

Staffer Peter Paquet outlined the conclusions and recommendations that have emerged from the Hatchery Scientific Review Group (HSRG). The HSRG steering committee has wrapped up its meetings and is in the final stages of preparing a 1,000-page report that will be posted on the Council website by the end of the month, he said.

The HSRG came up with three major principles and 17 recommendations for hatchery reform, he continued. The group determined that the more closely a hatchery adheres to the principles and recommendations, the more likely it is to succeed in meeting its harvest or conservation goals, Paquet said.

He noted the following recommendations: develop clear, specific, quantifiable harvest and conservation goals for natural and hatchery populations within an “All H” context; design and operate hatchery programs in a scientifically defensible manner; and monitor, evaluate, and adaptively manage hatchery programs.

Paquet said it is important to better integrate efforts in the region to complement each other. The hatchery science review is the best process I’ve been involved during my 30 years of working in the basin, he wrapped up.

6. Briefing on treatment of climate policies in the Sixth Power Plan:

Jeff King, senior resource analyst; and John Fazio, senior power systems analyst.

Staffer John Fazio briefed the Council on the treatment of climate change in the Sixth Power Plan, outlining proposed CO₂ price assumptions, as well as assumptions about financial incentives and credits for renewable energy. For the plan, we need to include “a central tendency for CO₂ price” in the electricity price forecast, and a high and low range, and a probability distribution of CO₂ prices, he explained. We also need to have assumptions for renewable energy credits (RECs) and other incentives, like production tax credits (PTCs) and investment tax credits, Fazio said.

For the Sixth Plan, staff is proposing an average price of \$47.74 per ton, compared with \$7.85 per ton in the Fifth Plan, he went on. The high end of the range of prices would be \$100 per ton, compared with \$30 per ton at the high end in the Fifth Plan, according to Fazio. We look at a range of “futures” for the plan, and we are assuming in 95 percent of the cases there would be a CO₂ price, he said, adding that the PTC range is under review, and staff is proposing to drop RECs from the analysis.

Consulting firm EcoSecurities provided the supporting analysis for our assumptions about carbon prices, Fazio continued. They gave us price assumptions for three scenarios, he said: implementing regional initiatives; reaching 1990 emission levels or 15 percent below 2005 levels by 2030; and stabilizing atmospheric CO₂ emissions to 550 parts per million by 2100. With the latter case, it would take a \$30 to \$50/ton carbon price to reach such levels, Fazio added.

In addition to estimates of the average price, EcoSecurities provided probabilities over a range of prices, he said. For example, while there are futures that could see a \$100 per ton CO₂ price, the likelihood is 1 percent, Fazio explained.

He cited several ways in which the price of CO₂ and level of emissions pose questions for the power plan. The assumptions about price affect loads, resource prices, and what is cost-effective conservation, Fazio said. Other questions he listed include: the level of CO₂ reduction that is achieved by existing renewable portfolio standards (RPS) and whether the RPS are meeting proposed targets; the portion of CO₂ reduction targets that should be met by the electricity sector; the costs of various methods of reducing carbon; and the least-cost approach for achieving CO₂ reduction targets in the electricity sector.

For the Sixth Power Plan, the staff proposes to do the following analysis, Fazio stated: identify a least-cost plan given state RPS mandates; identify a least-cost plan achieving CO₂ reduction

similar to the RPS but removing the mandates from the analysis; and identify the least-cost path to achieve various levels of CO₂ reduction. He pointed out that the proposal had been reviewed and approved by the Generating Resources Advisory Committee (GRAC).

Fazio said Dick Adams of PNUCC suggested at the Power Committee meeting that staff run a scenario that puts the carbon tax at zero and see what happens. There was also a suggestion that we do a sensitivity analysis of how the physical impacts of climate change would affect the system, he said. In the Fifth Power Plan, we dealt with the physical impacts by reducing the amount of hydro generation by 450 MW, Fazio said. We could take that approach in the Sixth Plan, too, he added.

The Independent Scientific Advisory Board (ISAB) has also suggested that we look at both a decrement and increase to hydro generation, including the increase that would result from installing removable spillway weirs at dams, Fazio continued. We have also had a suggestion that we explore how funds from a carbon tax might be used, he said.

Council chair Bill Booth asked staff to consider how to translate the carbon price into impacts on individuals. Could you put this into per-kilowatt-hour terms? he asked. We could do that, staffer Terry Morlan agreed.

Dick Wallace pointed out that climate change is a big uncertainty for the system. As we go through this, we need to keep in mind the implications for the fish and wildlife (F&W) program, he stated.

7. Presentation on release of demand forecast paper for public comment:

Terry Morlan, director, power division.

The power planning process starts with a load forecast and economic assumptions, staffer Massoud Jourabchi explained. To forecast residential load, we look at population growth and other changes, like demographics and lifestyle, he said. The pattern of residential energy use has changed with lifestyles that involve more communications technology, and we are now aware of a growing segment of the residential load referred to as ICE, information, communication, and entertainment, Jourabchi said. There has also been an increase in residential air conditioning, and homes have gotten larger, he said, all factors that affect the electricity load.

In the commercial sector, we look at floor space and patterns of additions to floor space, Jourabchi continued. We've updated our data and incorporated changes in the commercial floor space forecast, he reported. We have also updated information on the industrial sector, Jourabchi said, noting that the direct service industrial load has diminished, but a new load has emerged in the form of data centers.

In preparing an economic forecast, we take into account such factors as fuel prices, and we have considered the effects of a carbon tax on the economy, he said. We have also used alternative economic forecasts to see their effects and will be incorporating climate change factors, Jourabchi explained.

Our load forecast indicates a growth rate of about 1.5 percent annually, but that may go down, he said, noting that the staff has compared its forecasts to those done by others, and there is “good agreement” with them. Jourabchi pointed out that the region is moving away from a winter peaking load and that by 2020, the Northwest may be a summer peaking system.

Staff feels the economic and load forecasts are ready for release, he stated. There are companion Excel spreadsheets to the written text, which people may want to review, Jourabchi noted.

Eden, who chairs the Power Committee, said the committee agreed with the recommendation to release the forecasts. We thought it would be helpful to release them early, ahead of the draft power plan, so they could be reviewed, she added.

Seeing no objections, Booth directed staff to release the forecasts for public review.

8. Briefing and summary of power planning results and status:

Terry Morlan.

Morlan gave a status report on development of the Sixth Power Plan, including the following parts of the analysis:

- draft fuel price forecast is complete, including public review;
- draft economic and demographic forecasts have been sent out for public comment;
- draft electricity demand forecast has been sent out for public comment;
- draft supply curves for efficiency levels are under review by the Regional Technical Forum (RTF), and a Conservation Resources Advisory Committee (CRAC) is taking shape; and
- draft technology assessments have been completed for major generating resources, with review by GRAC, and additional assessments for smaller resources are under way.

The Council uses three major models, Genesis, Resource Portfolio, and Aurora, to bring together supply and demand, resources to meet demand, and prices for the plan, Morlan explained. We have made many model enhancements and began running the Resource Portfolio model, which takes days for a single run, on February 9, he reported. “We’ve run into problems with some models, but we always do,” Morlan added.

With regard to electricity price and conservation levels, he said a third draft of the forecast is done and staff is incorporating data on new generation technologies and costs, as well as new assumptions about the cost of CO₂. As for other parts of the plan, staff has written the introduction and background chapters, Morlan stated.

We are looking forward 20 years toward a new electricity system, one that will operate “more synergistically,” Karier stated. Maybe we need to jump ahead and look at what we want the system to look like and how to get there, he said. Karier suggested the Council may want to state its vision for what that future should look like.

Morlan agreed, adding that the Sixth Plan is more complex than in the past because of concerns about system capacity and flexibility, plus new objectives related to responding to climate change.

9. Update on Northwest Energy Efficiency Task Force (NEET) recommendations:

Ken Canon.

Ken Canon, facilitator of the Northwest Energy Efficiency Taskforce (NEET), and Darby Collins of BPA briefed the Council on recommendations from the NEET workgroups and the direction being taken toward implementation. The recommendations, submitted in mid-December, were the topic of a January 9 NEET executive committee meeting, and we're now working through comments that have since come in, Canon reported.

He noted that the federal stimulus package offers potential opportunities for funding energy-efficiency efforts in the region. We sent out a survey asking for ideas and got back 35 responses, Canon said, adding that the availability of money "has that effect on people."

Collins outlined the NEET process and workgroup topics, and Canon reported on the "lessons learned." Among them, he said it is clear "there is no silver bullet." The region has been doing a lot of work on energy efficiency over the past few decades and there is "no magic" for getting results, Canon explained. In addition, we learned that collaboration is a very powerful way to get things done, and "it doesn't just happen," he said.

In addition, it became clear that just like utilities have a distribution infrastructure to deliver electricity, we are talking about building a similar infrastructure for energy efficiency that can exist long term, Canon continued. We also saw that "we could overwhelm an infrastructure with money," and that a good infrastructure is needed to be effective over time, he indicated.

We also pulled out common themes from the workgroup recommendations, Canon said, including the need for collaboration; the importance of a structured energy-efficiency forum; the focus on behavior as "the next frontier"; the need for a mechanism for crediting and counting energy efficiency; and the need to clarify institutional roles so that what can best be done regionally is set up that way and unnecessary overlap and duplication of efforts are avoided.

After seeing the recommendations, we came up with the idea of having existing entities "host" various functions, he continued. We talked about developing business plans to have the Northwest Energy Efficiency Alliance, BPA, and the Council administer these functions, Canon explained. Going forward, we will refine the approach, he said.

Canon outlined the main topics identified for more work going forward: the regional forum function; marketing research; work force development; and the role of the RTF. He said it was important to wrap up NEET's role soon. I see the business plan and forum planning as being complete within six months, Canon said, adding that the taskforce shouldn't stand in the way of other efforts in the region.

Collins reported that the comments submitted about NEET and the workgroup recommendations were positive and enthusiastic. There was agreement across the board that we need to take the information developed and get into more detail to turn it into “actionable items,” she added.

Eden, who serves on the NEET executive committee, said she was impressed with the product. Behavior is going to be an important focus for energy efficiency, as well as using existing entities to get things done “without a whole new organization,” she said.

Canon agreed, noting that coordination among organizations is paramount. For example, if someone is conducting a pilot program related to energy efficiency, it is worthwhile to consider whether it might benefit from broader collaboration and participation, he said. “We need speed in a lot of this,” Canon added.

Karier said the purpose of NEET was to look for lost opportunities, identifying where the gaps were and clarifying the roles of various organizations. We are close to the place where “we can disappear and let the region take it from there,” he said.

Wallace expressed support for more work on the behavioral aspects of promoting energy efficiency. “We have a teachable moment” with climate change, he stated. Coupled with things we are doing in the power plan, “we can save money, save energy, and save the environment,” Wallace commented.

10. Briefing on Status of the Resources report –

Brian Lipscomb, executive director, Columbia Basin Fish and Wildlife Authority.

Executive director Brian Lipscomb outlined ways in which the Columbia Basin Fish and Wildlife Authority (CBFWA) plans to improve its Status of the Resource (SOTR) Report. He said the purpose of the report is to build accountability through effective reporting and said CBFWA proposed coordinating the reports on monitoring and evaluation (M&E) in the BiOp. We proposed developing a work plan for how we would coordinate M&E and could make a presentation on it at the F&W Committee meeting next month in Boise, he said.

Lipscomb went over the changes proposed in the current report, which is available in both hardcopy and website form. This information informs your report to the Governors, and is a source of information about how we are doing, he explained. It will also inform the BiOp and the Accords, and can be used for getting information to the ratepayers, Lipscomb said.

Whiting pointed the importance of citing the sources of information on the web-based tool CBFWA has developed. There should be easy accessible information about where the data comes from, she said. It’s paramount, if the tool is to be useful, Whiting stated.

“We don’t want spin in this document,” according to Rob Walton, who co-chairs the SORP effort. It will lose its value if people think it has spin, he said. It needs to have objective information, Walton added.

Lipscomb went through the details that will be made to the report, noting that it will have a “Google Map base.” He said CBFWA now has comments from the Council on the site and

would work collaboratively to make the changes. We want to produce a status report that is helpful to you, Lipscomb stated.

Karier called the report “one of the most encouraging things on monitoring.” He said the report may be the bridge from the M&E data to high-level indicators for the species. Whiting suggested CBFWA consider how to make the report useful to sponsors for developing F&W projects.

11. Council business

– Adoption of minutes

Measure made a motion that the Council approve for the signature of the Vice-Chair the minutes of the January Council meeting held in Missoula, Montana. Whiting seconded the motion, which was approved unanimously.

The meeting adjourned at 11:05 a.m.

Approved March 11, 2009

/s/ Bruce Measure

Vice Chair