

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 Kalispell Montana

July 14-16, 2008

Minutes

Bill Booth called the meeting to order at 8:35 am on July 14th and adjourned it at 2:10 pm on July 16th. All members were present.

Council work session on Columbia River Basin Fish and Wildlife Program amendments:

Tony Grover, director, fish and wildlife division.

Over three days, the Council reviewed staff-written sections of a new draft fish and wildlife program, making editorial changes, suggesting revisions, and agreeing to disagree on some topics. Booth said if the Council can't finish its review of the document at the regularly scheduled August meeting, a special work session could be held in late August to wrap up what's left. That way we can have a draft ready for the first public hearing scheduled in September, he said.

1. Briefing on Revised BiOp Analysis:

Jim Ruff, manager, mainstem passage and river operations; and John Fazio, senior power systems analyst.

Ruff presented a revised analysis of the power system impacts of the 2008 BiOp, compared to the 2004 BiOp, using updated information provided by the federal action agencies. The analysis shows relatively small flow changes in the Snake and Columbia rivers, he said. Snake flows increase in the spring and decrease in the summer, and Columbia flows increase in the winter and spring and decrease in the summer, Ruff indicated. And there are more levelized summer outflows from Libby and Hungry Horse, he noted.

Reservoir elevation changes are larger than the changes in flow, Ruff said. On average, Libby and Hungry Horse elevations will be about seven and 10 feet higher respectively, at the end of September as a result of operations consistent with the Council's program, he reported. Due to

Washington's Columbia River Water Management Program, Grand Coulee reservoir is likely to be about a foot lower by the end of summer, Ruff said.

Spill is generally greater than under the 2004 BiOp but somewhat less than what has been ordered by the court and implemented from 2005 through 2008, he pointed out. Summer spill is now provided at McNary, and there is more spill at the Snake River dams, except Ice Harbor because of its removable spillway weir, Ruff stated.

Annual average hydro generation is estimated to decline by about 20 MWa, mostly because of the increased spill, he noted. The mainstem operations proposed in the 2008 BiOp, compared to the 2004 BiOp, are expected to cost the region about \$10 million to \$20 million annually, according to Ruff. Some years, costs could reach \$60 million, and some years, there could be little or no cost, he said.

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

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

Rhonda Whiting reported that the Fish and Wildlife Committee had a presentation on within-year project funding adjustments and on the Klickitat River Anadromous Fisheries Master Plan. The Columbia Basin Fish and Wildlife Authority (CBFWA) discussed their proposed amendments to the fish and wildlife program, and Tom Karier gave a presentation on proposed high-level indicators, she said.

Melinda Eden reported the Power Committee discussed the effects of plug-in vehicles on electricity demand, conservation achievements, and tools for forecasting natural gas prices. We also talked about regional adequacy assessments, work of the Adequacy Forum, and the treatment of non-hydro resources and independent power producers in adequacy assessments, she said.

Report on Public Affairs Division activities:

Mark Walker, director, public affairs division.

Staffer Mark Walker reported on a House Natural Resources Committee hearing on the benefits of hydropower held last month at which Melinda Eden testified. The members of Congress who attended the Washington, D.C. hearing said the country should be doing more to support hydropower production, he noted. Rep. Cathy McMorris Rodgers of Washington said in light of climate change and global warming, removing the Lower Snake River dams would be "a tragedy" and would increase carbon emissions in the Northwest.

Several witnesses said hydro was "a second-class citizen" when it comes to renewable energy and that Congress needs to take action to make hydro a viable resource for the nation, Walker reported. Avista's representative said Congress should make the Production Tax Credit applicable for new hydro as well as other renewables, he noted.

A Grant County PUD representative testified about how the PUD has improved efficiencies at its hydro projects. Eden said that in her testimony, she described the Northwest's dependence on the hydro system, and she noted, "we were the only ones to mention energy efficiency and renewables."

Walker also reported that he is working on setting up a tour of the Northwest for Congressional staff, scheduled for the week of August 18.

2. Council business:

– Approval of minutes

Bruce Measure moved to approve the minutes for the June 10-11, 2008 Council meeting held in Spokane, Washington. Joan Dukes seconded, and the motion passed.

– Renewal of Natural Gas Advisory Committee Charter

Staffer Terry Morlan explained that the Natural Gas Advisory Committee's charter has expired and that staff requests it be renewed so the committee can provide advice during preparation of the Sixth Power Plan. Measure moved that the Council approve the charter of a Natural Gas Advisory Committee and appoint Terry Morlan as chair and Jeff King as vice-chair. Eden seconded, and the motion passed.

– Adoption of Council's draft Fiscal Year 2009 revised budget and Fiscal Year 2010 proposed budget

Measure moved that the Council adopt the FY 2010 budget of \$9,683,000 and FY 2009 revised budget of \$9,467,000 and authorize the reprogramming of available FY 2008 funds for unanticipated FY 2008 costs, such as personnel actions and increased operating costs. Dick Wallace seconded, and the motion passed.

– ISAB member term renewals

Staffer Jim Ruff said staff recommends that Roland Lamberson and Peter Smouse be re-appointed to the Independent Scientific Advisory Board (ISAB) to serve another three-year term. He noted a motion is not required, and the Council agreed to the re-appointments. Ruff said there are two open seats on the ISAB that need to be filled and that it would be especially helpful to get members with expertise on mainstem passage and river operations.

– ISRP member term renewals

Measure moved that the Council renew the appointments of Eric Loudenslager, Pete Bisson, Kate Myers, and Bruce Ward to the Independent Scientific Review Panel (ISRP) through September 2011. Whiting seconded, and the motion passed.

3. Update on Columbia River Center of Information and related issues:

John Harrison, information officer; Kindy Gosal, Manager of Water and Environment, Columbia Basin Trust.

Staffer John Harrison gave an update on five Columbia River transboundary projects the Council asked staff to undertake in cooperation with the Columbia Basin Trust (CBT). The first is the

creation of an International Columbia River Basin Center of Information, a comprehensive, publicly accessible repository of information about the Columbia River in its international dimensions. Harrison said the Center has been created as a web-based "portal," and staff now proposes convening a group of interested organizations at a meeting Sept. 11 to review the portal and develop a work plan to guide the next steps for the Center.

Kindy Gosal of the CBT reported on planning efforts for a transboundary international Columbia River conference that could be held in 2010. Harrison said the fish and wildlife program could include provisions for a Science Policy Conference every two years and an international Columbia River conference every four years.

Gosal also reported that a work plan and budget for an educational headwaters-to-estuary bus tour for elected officials are being prepared.

Harrison noted that work on a jointly sponsored fish and wildlife project will soon get under way. Staff will ask project sponsors in the transboundary area to identify needs that are not being addressed. He also reported on progress in disseminating a series of climate change papers on Columbia River Basin issues.

Measure encouraged staff to move these work items along as quickly as possible, and Dukes agreed. Wallace asked about progress on the creation of a basinwide commission. Gosal suggested that people from international commissions, such as the one created for the Nile River, could be invited to attend the next transboundary conference to share information.

Booth said the five tasks are a lot of work and that it might be worthwhile to prioritize them. Gosal replied that staff will provide the Council and CBT with information on what it would take to accomplish each task and let the policymakers decide on the priorities.

4. Presentation on the Western Climate Initiative:

Janice Adair, Washington DOE.

Janice Adair of the Washington Dept. of Ecology and chair of the Western Climate Initiative (WCI) said the WCI was formed in 2007 to develop regional strategies to address climate change. The WCI, she explained, is a collaboration of seven states and three Canadian provinces to carry out three directives: set a regional emissions reduction goal; participate in a multi-state registry to track, manage, and credit reductions; and design a regional multi-sector, market-based cap-and-trade mechanism.

We also work jointly to promote renewable energy and energy efficiency and advocate for regional and national climate policies that are in the interest of the western states, Adair said. The West is particularly vulnerable to the impacts of climate change, and we aren't seeing the kind of action at the federal level our governors think is necessary, she stated.

Adair described the benefits of a cap-and-trade mechanism, pointing out that it lets the market find the lowest-cost reductions. We are working on common reporting requirements and ways to track imported power on a shared grid, she noted.

Our draft policy framework should be out July 23, and our third regional stakeholder meeting will be July 29 in San Diego, Adair said. We hope to have final design in September so Washington, Oregon, and possibly Utah will be able to run legislation in 2009, she stated. "We're making very good progress," Adair summed up.

Have you discussed what would happen if federal legislation comes along after WCI is up and running? Karier asked. We want to have recognition of our efforts at the federal level, Adair replied. Some in Congress want to preclude states from having their own program, while others want state efforts protected, she added.

5. Panel of public utilities representatives on the Western Climate Initiative:

Jessica Matlock, Snohomish PUD; Peggy Duxbury, Seattle City Light; and Andrew Munroe, Grant PUD.

Jessica Matlock of Snohomish PUD led off a panel to provide the public power perspective on climate change and the work being done by the WCI.

Peggy Duxbury of Seattle City Light said her utility believes climate change is real and that strong action is needed sooner, not later. We are conducting a study of the impact of global warming on our hydro operations and doing a lot more on electrification of transportation, she reported.

Duxbury outlined efforts Seattle City Light has undertaken with WCI and at the state and federal levels to reduce carbon emissions. She said the Council's 2007 carbon footprint report was very helpful. For the Sixth Power Plan, we support producing additional data on tracking carbon, as well as the impact of global warming on the hydro system and salmon, Duxbury stated.

Andrew Munro from Grant County PUD said his utility expects its load to grow by 200 MW in the next five years. He described the PUD's efforts to optimize its hydro projects through both efficiency and fish-friendly improvements.

Munro said Northwest and Northern California public power utilities are working on a model to study the economic effects of a cap-and-trade system on the electricity sector. The model should be available in August, Munro said.

Matlock told the Council all utilities are struggling with meeting load growth, climate change issues, and the challenges of bringing new renewable projects on line. Utilities are trying to comply with new mandates for renewables, and our commission has decided we will meet load growth with all renewables, Matlock stated.

We are glad to see you are focusing on climate change in the Sixth Power Plan, Duxbury said. There's a lot you can do to help us on the data side, she added.

6. Presentation by Northwestern Energy on wind integration:

John Hines, chief supply officer; and Dave Fine, director of energy supply planning.

John Hines, chief supply officer for NorthWestern Energy (NWE), kicked off a presentation on the challenges and costs of integrating wind projects. He noted that wind makes up 9 percent of his utility's energy requirement, but provides zero capacity. NWE has nine wind projects totaling 149 MW, Hines said. With Montana's passage of a renewable portfolio standard, NWE will be acquiring additional wind projects, which will cause more integration issues, he stated.

Dave Fine, director of energy supply planning, said NWE's largest wind facility is the 135-MW Judith Gap project, which began operation in 2006. NWE has a 20-year power purchase agreement with Invenergy, he noted. We plan on 38 to 40 percent capacity annually from the project, Fine pointed out.

TEA, our realtime agent in Seattle, uses wind forecasts for purchase and sales decisions to balance loads and resources, he explained. If we are short, TEA has to buy resources, and if we are long, it has to sell, and there's a financial consequence for ratepayers in either case, Hines said.

Looking forward, there is "a finite and possibly diminishing capability" to effectively integrate intermittent resources with low capacity value, Hines said. Regulating reserves cost \$5 to \$15 per megawatt-hour on top of what you pay for wind, he stated. NWE is concerned about the cost of integrating additional wind, Hines said. We are planning to build a regulating reserve resource in Montana and will soon file an application with the Public Service Commission, he noted.

Hines urged the Council to continue to analyze and develop new information on wind integration issues. Public utility commissions think the Council "brings a perceived unbiased" to issues, while sometimes they are skeptical when utilities say the same thing, he said.

7. Presentation by NOAA Northwest Fisheries Science Center on the effects of toxic contaminants on salmonids:

Dr. Tracy Collier, Director of the Environmental Conservation Division; and Lyndal Johnson, leader of the Reproductive Toxicology Team, Ecotoxicology and Environmental Fish Health Program, NOAA Science Center.

Tracy Collier and Lyndal Johnson of NOAA's Northwest Fisheries Science Center briefed the Council on their recent work on the effects of toxics on salmonids, including answers to a series of specific questions the Council sent to NOAA in June. Collier noted that NOAA would also send a written report to the Council.

The first question the Council asked was which toxic substances of concern to salmon and steelhead are directly attributable to the construction or operation of the hydro system. Collier said there are localized spills and the disposal of contaminants, such as PCBs, as well as largely unknown accumulations of toxics in sediment behind the dams. As for direct contributions from the dams, my professional estimation is less than 5 percent, but we don't have very good data to support that, he stated.

By facilitating agricultural and urban development, the dams may indirectly contribute to toxic contaminant problems, according to Collier. He said PCBs have been found in juvenile salmon below Bonneville Dam.

We are studying the sublethal effects of toxics on fish behavior, swimming speed, and disease resistance, Collier said. He reported NOAA has screened for the presence of pharmaceuticals and found signs of them in 20 to 30 percent of salmon from sites near Portland.

Contaminant exposure is widespread in juvenile salmonids in the Columbia River, often at levels that approach or exceed health benchmarks, Collier said. There's good potential for lethal effects to be occurring in Columbia River salmonids, and sublethal effects are well-documented in juvenile salmonids in the Columbia River, he stated.

Johnson reported on studies of the stress effects associated with dam passage and contaminant exposure for juvenile chinook. One study showed the problems with contaminants may be comparable to problems with dam passage, she said. If we reduced contaminant levels, we could give a boost to fish survival, Johnson stated.

Our conclusion is that contaminants in the Columbia River affect the survival of some of the listed salmon stocks, said Collier. Toxics monitoring and reduction provide a way to mitigate the impacts of dam operations that may affect listed salmon through other mechanisms, he added.

8. Briefing by the Public Power Council on the status of the regional dialogue implementation:

Scott Corwin, Public Power Council.

Scott Corwin, director of the Public Power Council, said he is "cautiously optimistic" about the effort to resolve Regional Dialogue policy issues so BPA and utilities will be able to sign new 20-year contracts by the end of the year. We'll be negotiating every day between now and July 25, and BPA will put out new contract templates by August 18, Corwin reported. Your timing with the development of the Sixth Power Plan lines up well with the Regional Dialogue's intention to clarify BPA's role in resource acquisition, he told the Council.

DSI service is a key unresolved Regional Dialogue issue, Corwin said. PPC believes BPA is not obligated to serve the DSIs, but BPA has said it wants to do something for them, although it's still not clear what, he noted. That issue is on hold and will pick up again in the late summer or fall, according to Corwin.

We are in a rate case to redo the residential exchange benefits, following the Ninth Circuit Court's decision, he said. There have been some settlement talks on this issue, and we'll see if there's progress in the next several months, Corwin stated.

9. Council decision on whether to adopt high-level indicators:

Tom Karier, Washington Council Member.

Tom Karier said the Council had received numerous "very useful" public comments on the draft set of high-level indicators designed to measure the success of its fish and wildlife (fish and wildlife) program released last month. Some comments suggested they should be regional indicators, some suggested making them numerical goals, and some told us where to find data for the indicators, he noted.

I'd like to ask the Council to endorse this list of indicators for further development, Karier said. It may take a year or two -- we've been encouraged not to adopt the indicators into the program now because that "would lock them into concrete," he added.

Karier moved the Council "endorse the revised High-Level Indicators as a working list for further development with all interested parties," and Council Chair Bill Booth seconded. This is not a decision to adopt them, but to continue work on them, Booth said.

I can't support or endorse this list, said Joan Dukes. She asked, for example, how one could determine "the number of juvenile salmon saved from all predators," one of the proposed indicators. The predator metric comes from BPA, and most of the data exists for predator control programs such as the northern pikeminnow program, Karier replied.

I can't support this, and I object on a procedural basis, said Eden. The comments have just come in, I haven't had time to digest them, and I don't understand what's the rush, she stated. I'm not saying I oppose the indicators, but if we passed motions to endorse all our working lists, it would be ridiculous, Eden said.

Nine of the indicators are available in full, three are partially available, and the rest need data to be put together, said staffer Tony Grover. I support this with the understanding it's a work in progress, Booth stated. The motion passed; Eden and Dukes voted no.

Approved August 13, 2008

/s/ Bruce Measure

Vice-Chair