

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. Duker
Oregon

Council Meeting Sun Valley Idaho

October 7-8, 2009

Minutes

Chair Bill Booth called the meeting to order at 1:45 pm on October 7th and adjourned it at 10 am on October 8th. All members were present.

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 reported that the Fish and Wildlife Committee discussed the proposed Fish and Wildlife Program Indicators and approved three of them. We also talked about within-year funding adjustments for fish and wildlife projects as part of the quarterly review, and had presentations on the Bitterroot and Blackfoot subbasin submittals, she said. We discussed future Independent Scientific Review Panel (ISRP) reviews with the ISRP chair, Whiting noted.

Melinda Eden reported that the Power Committee discussed seven items, starting with BPA's draft Resource Program. We talked about changes to the natural gas price forecast, changes in the assumptions for the economic forecast, and were updated on the Direct Use of Gas study and its implications for the draft power plan, she said. We also discussed the effects of California's Renewable Portfolio Standard on the Northwest, carbon price assumptions for the power plan, and funding for the Regional Technical Forum for 2010, Eden added.

Dick Wallace reported that the Public Affairs Committee has received a final publication copy of the Council's fish and wildlife program and is working on a draft brochure to help with outreach on the power plan.

1. Panel presentation by Idaho Consumer-Owned Utilities Association:

Will Hart, Executive Director, ICUA; Jim Webb: CEO Lower Valley Energy; Fred Brog: Director, Lower Valley Energy; Ralph Williams: General Manager, United Electric; Jo Elg, assistant manager, Idaho Falls Power and ICUA Board president; and Eric Anderson: director Northern Lights Electric and state representative in Idaho.

Jo Elg of Idaho Falls Power, president of the Idaho Consumer-owned Utilities Association (ICUA), kicked off a panel presentation on the association. 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. 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.

New developments have complicated the GTA arrangements. The Energy Policy Act of 1992, and FERC Orders 888 and 889 have added even more complexity and difficulty and made it more difficult for BPA to meet its commitments under the GTAs. We are concerned that in the future, BPA may have more difficulty living up to its GTA commitments.

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. BPA's partnering in this line would help us in making our decisions about Tier 2 power, he said. If BPA were an owner, our costs would be set and not vulnerable to each rate case, he said. 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."

2. Presentation by Steve Wright, Administrator, Bonneville Power Administration; and Barry Thom, Acting Regional Administrator, NOAA Fisheries, Northwest Region.

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 Lubchenko 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.

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 fish and wildlife process works in concert with you, Wallace said.

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.

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 decision making 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 decision making 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.

3. Update on the research at the Collaborative Center for Applied Fish Science, Hagerman, Idaho:

Shawn Narum and Jon Hess, CRITFC; and Matthew Campbell, IDFG.

Dr. Shawn Narum and Dr. Jon Hess of the Columbia River Inter-Tribal Fish Commission (CRITFC), and Matthew Campbell of the Idaho Dept. of Fish and Game's (IDFG) genetics lab in Eagle, Idaho, gave a presentation on research being done by the IDFG and at the Collaborative Center for Applied Fish Science in Hagerman, Idaho. They reported on the use of genetic data and new tools being developed to manage fish populations in the Columbia River basin.

Hess said tools to address how stock composition varies across time, space, and harvest include coded wire tags and PIT tags, but those tools have limitations, such as only hatchery fish are tagged. He described the genetic stock identification (GSI) tools that are being developed at their center. Hess explained how they collect baseline genetic information on streams, analyze the information, and try to match fish with their stream of origin. We can do in-season analysis and show stocks moving as they go through the season, he noted.

Hess described their genetic stock composition work with Bonneville chinook from 2004 to 2006 funded by BPA. Campbell explained IDFG's work with GSI and parentage-based tagging (PBT). PBT is especially useful for differentiating closely related hatchery stocks and allows the identification of the exact parents of an individual fish, thus identifying their stock of origin and age, according to a Council handout. Campbell said this work is being done to address needs identified in the subbasin plans and in the BiOp.

He described GSI efforts with wild steelhead at Lower Granite Dam and how they intend to increase their collaboration with the work CRITFC is doing. Campbell explained the benefits of PBT and said it could be a more cost-efficient tool to identify when and where specific hatchery stocks are being caught. It could also help reduce fish straying problems, he noted. Campbell said they are seeking funding to test the PBT tool more extensively. Campbell said they sample every hatchery broodstock every year.

4. Council decision on proposed fish and wildlife program indicators:

Nancy Leonard, Fish, Wildlife and Ecosystem Monitoring and Evaluation Manager.

Staffer Nancy Leonard described the process used to derive Columbia River Basin High-Level Indicators, which are designed to track the progress of the Council's fish and wildlife program. She said that the fish and wildlife committee discussed the proposed indicators and approved three of them for the Council's report to Congress on the fish and wildlife program, including abundance of fish and wildlife; hydro system survival and passage, both adult and juvenile; and Council actions, such as progress in mitigating habitat units and instream fish passage improvements.

The committee also suggested that these indicators be included in the Columbia Basin Fish and Wildlife Authority's (CBFWA) *Status of the Resource* report, Leonard noted.

Measure moved that the Council approve three high-level indicators in the Council's report to Congress: 1) abundance of fish and wildlife, 2) hydro system survival and passage, and 3) Council actions; approve fish and wildlife program management questions as a working list; and

recommend that CBFWA include the fish and wildlife program indicators in the *Status of the Resource* report; all as presented by the staff and recommended by the F&W Committee and approved by the Council.

The motion also says the Council understands that the information for these indicators is either currently available or will be collected within existing budgets and that no additional Council funding obligation will result from the adoption of the indicators unless first approved by the Council.

Karier seconded the motion. This was a compromise out of the Fish and Wildlife Committee, said Dukes. I don't think the management actions belong in the motion, she added. The motion passed on a 7 to 1 vote, with Eden voting no.

5. Briefing on comments received on the draft Sixth Power Plan and possible Bonneville release of the resource program:

Terry Morlan, director, power division.

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. Many commenters favored doing more conservation and the use of more renewable energy.

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 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 general, we've heard concerns about overreliance on any one resource, including conservation, Morlan said.

We have heard that the carbon prices in the plan are too low and also that they are too high, he reported.

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.

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.

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.

Joan Dukes said that at the Seattle hearing 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.

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.

6. Update on changes for the final Sixth Power Plan:

Terry Morlan.

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.

7. Update on the Idaho sockeye program and 2009 adult returns:

Paul Kline, assistant chief of fisheries, Idaho Department of Fish and Game.

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.

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.

8. Council business:

– Approval of minutes

Measure moved to approve the minutes of the September 3, 2009 Council meeting, held by teleconference, and the minutes of the September 9 Council meeting, held in Astoria, Oregon. Dukes seconded, and the motion passed.

– Request for Council approval of IEAB Task 153

This item was deferred.

Approved November 13, 2009

/s/ Bruce Measure

Vice Chair

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