

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 **Astoria, Oregon**

September 13-14, 2011

Minutes

Council Chair Bruce Measure called the meeting to order and noted that Rhonda Whiting was attending via Go to Meeting. Joan Dukes welcomed the Council to Astoria, noting that 2011 is the bicentennial of the founding of Astoria and there is a year-long celebration under way.

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.

Fish and Wildlife Committee chair Bill Booth reported that the committee had a briefing from the Oregon and Washington departments of fish and wildlife (F&W) on the status of Columbia River white sturgeon and a joint conservation plan. Sturgeon were identified as an area of focus in the recent review of research, monitoring and evaluation (RME) projects, and staff is working on a mini-science forum to address sturgeon issues.

Booth said the committee discussed the next F&W program amendment process and is considering hosting mini-policy conferences on various issues to prepare for it. He went on to report that John Ferguson of NOAA-Fisheries briefed the committee on the impact of pinniped predation on returning salmon and sturgeon. Ferguson reported that an estimated 8 to 12 percent of run mortality is likely attributable to pinnipeds.

Plans for a forum on fish tagging is moving forward, Booth continued. The Council received 11 responses to its request for a facilitator for the forum.

The committee also considered F&W project reviews, Booth said. A project in the Tucannon watershed received a favorable recommendation from the committee, he said. There were a number of questions about a Yakima/Klickitat fisheries project and the committee took no action on it, Booth stated. A third review was a spring chinook hatchery project in the Grande Ronde

subbasin, he continued. Booth explained that Phil Rockefeller raised an issue with supplementation, and while the committee agreed to proceed with a staff recommendation that BPA support the project, clarification of that issue was added. The recommendation will come to the Council for a vote, he said.

Power Committee chair Tom Karier said the committee discussed an evaluation of the oversupply of generation problem that emerged in the region this spring. The Council is engaging in a joint review of the situation with PNUCC to look at how often this problem is likely to happen and how severe it will be, he said. So far, results show that the problem will occur more commonly in May and June and the addition of more wind to the system will make the problem worse, Karier stated. The Council is working with the wind integration forum to address the issue and develop a set of mitigation actions.

We also had a presentation on the Council's demand forecast compared to PNUCC's Northwest Regional Forecast and BPA's White Book, Karier reported. Karier explained ways in which the forecasts differ.

Staffer Mark Walker reported on hosting the congressional staff trip in August. The location this year was Boise, Idaho with an excursion to the Sawtooth Valley; 13 congressional staff members attended, he said. Walker described the events that took place and the speakers.

1. Briefing on ECOFYS Water Heater control demo:

Diane Broad, senior consultant, ECOFYS.

Staffer Ken Corum told the Council among the activities related to Smart Grid and demand response are several pilot programs at utilities and at BPA, including conventional demand response projects that cut load at peak times. A "Smart End-Use Energy Storage" project, sponsored primarily by BPA, is a little different, he said. The project was an action item in the Sixth Power Plan, Corum explained, adding that staffer Ken Dragoon was instrumental in getting it going, and Ecofys US is the prime contractor.

Diane Broad of Ecofys said the "Smart End-Use Energy Storage and Integration of Renewable Energy" demonstration project is exploring the possibility of using equipment like water heaters, furnaces, and refrigerated warehouses to store and release energy to provide load and wind balancing. The equipment would act as storage batteries that respond to variations in load and generation.

The project is designed to look at real-time balancing on a five-minute interval, she said. The scope of the project is to have one to three megawatts (MW) of demand response available, and it is operating in the commercial and residential sectors, Broad said.

She described the technology used to control energy storage. "I want to emphasize that the key difference between this and other projects is that we are increasing and decreasing loads on a real-time basis using different technologies," Broad said. Ecofys has found real interest in demand response, but things are changing so quickly that utilities are hesitant to invest in the technologies that are needed, Broad stated. Part of our project is to prepare a guidebook for

regional utilities that includes a technology survey and a customized business case tool to look at the economics of end-use energy storage, she said.

We are seeing good response in the three utility service territories – Lower Valley Energy, Cowlitz PUD, and Eugene Water and Electric Board – where project sponsors have solicited participation, she stated.

Booth asked about the economics of storing wind energy in a water heater or furnace. At some point it will cool down, he said. Broad said standby heat loss is minimal. The storage is particularly economic in areas with time-of-use pricing, she added. Broad said no one is using more energy than they need because of the project. “We are just filling up the battery all of the time,” she stated.

Researchers are looking at how to respond to an over-generation signal in a way that assures we aren’t pushing energy to storage devices more often than it is economic, Broad said. What makes the most sense is to use water heaters at night during low-load hours, which turns out to be a time when BPA needs “dec” services, she added. Broad said the target in the next four to six months is to prove out whether this works to get balancing services when they are needed and when it is least costly to utilities.

She added that so far, most of the controllable loads look like they have more ability to provide decs (energy sink). Water heaters have three times more ability to absorb energy than to give it back, Broad said. And BPA said that the dec reserves in spring time and at night are the ones that will run out the soonest, she added.

Karier asked about the cost of the technology for hot water heaters. Do we have to wait for the costs to come down? he asked. “Definitely,” Broad responded. “It is not something that has just come out of the lab but it is still a low-production technology,” she said. If this control was added to a water heater, it would be an expense, Broad said, adding that in the pilot project, researchers are replacing the water heater tank. Later we may look at retrofits, she concluded.

2. Update on WECC 10-year Transmission Plan:

Wally Gibson, manager, system analysis and generation.

Staffer Wally Gibson briefed the Council on the Western Electricity Coordinating Council’s (WECC’s) recently released 10-year transmission plan for the West. While WECC has no authority to fund, site, or build transmission, it received a Department of Energy grant to develop a 10-year plan, he said. The details of the plan were driven by study requests from developers, states, and “subregional planning groups” like ColumbiaGrid and the Northern Tier Transmission Group (NTTG), Gibson explained.

Studies conducted for the plan assumed that a group of “foundational projects” would be completed, he continued. This set of projects represents 5,500 miles of transmission in the West, including British Columbia and Alberta, Gibson pointed out.

He went through a list of questions asked in the analysis, including what transmission is needed to meet Renewable Portfolio Standards (RPS) in the West and whether the foundational projects would suffice. The analysis says nothing about whether system reliability with the new transmission would be up to regulatory standards and whether the foundational projects are the most appropriate to build, Gibson explained. There was no review in the plan of these projects compared to other options; they are simply presumed in the analysis to be in place, he stated.

The location of generation drives transmission needs, Gibson said, and the base cases in the analysis used resource locations derived from state regulators' models, with input from the states. The analysis added enough transmission to deliver the power that would come from proposed projects, he said. There were other cases in the analysis that called for larger amounts of Montana and Wyoming wind, and cases that reduced loads, due to high levels of energy efficiency and demand-side resources, and cases that increased loads, Gibson explained.

Tom Karier asked if the assumptions about locating California renewable resources, like solar and geothermal, within California are possible. The assumptions were fully vetted by California regulators and utility planners, Gibson replied. He also pointed out that the studies assume retirement of a large amount of natural gas generation in California due to Environmental Protection Agency requirements.

Generally, the results show the foundational projects would be sufficient to transmit generation to meet 2020 RPS requirements, Gibson reported. There could be a need for more transmission between Montana and the Northwest, as well as a need to upgrade the Pacific Interties, depending on additional resource development, he added. Gibson said a controversial observation in the plan was that wind projects in Montana and Wyoming could provide a cheaper route for California utilities to comply with the state's RPS.

Recommendations from the WECC plan have to do with studying within-hour integration issues for variable generation, and incorporating environmental and cultural data in the planning process, along with information on water availability limitations, he said. There was also a recommendation to identify the available transmission capacity that exists already, Gibson noted.

He pointed out that transmission development is driven by commercial interests, yet there is limited information in the WECC plan about who owns and has the rights to existing lines. This leads to "peculiar results," Gibson added. The analysis is more of "a planning exercise" than a plan, he said, since WECC is not an implementing entity for transmission development.

We have heard that we need lots of new transmission, but this study says we don't need it until 2020, Karier commented. There is a lot of transmission included in the foundational projects, Gibson responded. "The thought has been that there is a vast resource in Wyoming and Montana with a vast sink in California," he said. But without the California sink, "the picture changes significantly," Gibson concluded.

3. Presentation on regional transmission plans:

Jeff Miller, Planning Vice-President of ColumbiaGrid; and Rich Bayless, consultant with Northern Tier Transmission Group (NTTG).

Rich Bayless, representing the NTTG, explained the intersection between subregional plans and WECC's 10-year plan. NTTG was born from efforts to form a regional transmission organization, and the group was set up to respond to planning requirements in Federal Energy Regulatory Commission Order 890, he said. The facilities of NTTG members are in the eastern part of the transmission system in the West, and except for Salt Lake City, the area is largely rural, Bayless noted.

NTTG performs analyses of specific transmission proposals submitted by its participants, and it also prepares a 10-year transmission plan, he said. The plan is an "informative plan, not a construction plan," according to Bayless. It informs customers and investors of transmission projects needed to meet their needs and it provides performance comparisons of alternatives, as well as a cost-allocation review, he explained.

Bayless said NTTG is on a two-year study cycle. In the 2010-2011 cycle, NTTG didn't get much information about the location of generation, which made it difficult to develop a transmission plan, he said. For that reason, NTTG did a different type of plan, which involved scenario studies, Bayless explained. He described the assumptions used for the studies, which included four levels of wind development in Montana and Wyoming.

The 2010-2011 report will be out next month, Bayless said. The initial conclusions show that more transmission would be needed above the foundational projects if 3,000 megawatts (MW) of wind generation were added in either Montana or Wyoming, he noted. But, Bayless acknowledged, we don't know where the generation will be located, so the recommendations for more transmission are generic and don't identify particular lines.

Jeff Miller of ColumbiaGrid described the annual system assessment and biennial transmission expansion plan developed by his organization. He said ColumbiaGrid also conducts studies focused on specific issues, like congestion in Puget Sound and wind integration, and makes cost-allocation recommendations for projects that should go forward.

Miller emphasized that the process at ColumbiaGrid fosters collaboration, not just coordination. We ask if there is a better overall transmission solution than what is being proposed by a stakeholder, and we try to bring about collaboration on other ideas, he indicated.

ColumbiaGrid study teams have recently addressed the need for transmission support for south-to-north transfers in the Puget Sound area and for reinforcements in the Northern Mid-Columbia area, Miller said. He said cost allocation for the needed transmission enhancements is likely to be resolved by the utilities involved, rather than being referred to ColumbiaGrid's board for a recommendation.

Jim Yost commented that legislation is requiring utilities to buy resources that create an oversupply problem. We have a planning dilemma – not a generation or transmission problem – that is created by government mandates, he said.

Karier asked about studies being done on integrating wind. Bayless said wind developers would like to ship their balancing needs to the hydro system, but it can be difficult to make quick switches to flows, particularly within the hour. There is an issue with how quickly one can call on reserves, he said, adding that location of the reserves is a big factor. As for “where is the integration wall,” wind is coming on so quickly, “it is outpacing not just our ability to respond, but our ability to study it,” Bayless said.

4. Update on joint initiatives with the Columbia Basin Trust:

Joan Dukes, Council Vice-Chair; John Shurts, general counsel; and John Harrison, information officer.

Joan Dukes reported that she met recently with Garry Merkel of the Columbia Basin Trust (CBT) to talk about the status of efforts on three joint projects: creating a website with transboundary mapping and data sharing; summary of potential hydrologic changes due to climate change, and joint funding of a transboundary F&W project.

Staffer John Harrison said the data-sharing website was created and originally posted on BPA’s site. It has since moved and is now hosted on the Council’s website, he said.

Harrison provided an update on the second project, which focuses on how climate change could affect the Columbia River Basin. The idea was to bring all of the information on climate impacts in the basin together and make it accessible to the public, he explained. And we looked into the cost of having a summary report prepared, Harrison said. He described three proposals for getting the summary prepared, which ranged in cost from \$25,000 to \$100,000.

Harrison said the CBT is interested in a different approach from the Council staff preference and intends to move forward with the project, procuring assistance from the Climate Impacts Group and Pacific Climate Impacts Consortium. Dukes said there had been discussion with CBT about accomplishing the report jointly, “but it would cost us.”

Karier pointed out that the Council has done work on climate change, collecting raw data and running some of it through computer models to determine the impacts to hydro and fish. But I didn’t hear any of those practical outcomes in this discussion, and I’m not quite sure I see the value in this, he said.

I’m having trouble with it as well, Booth said. Originally, I got the impression CBT wanted us to do a joint on-the-ground effort. I’d have a hard time supporting more funding for this project, he said. They don’t plan to publish it as a CBT product since it isn’t part of their mission, Booth added. I’d like to see us focus on an on-the-ground project, he said.

Bill Bradbury said the project provides interesting potential for a cross-border collaboration, “and I like that.” Phil Rockefeller said the work is relevant to the Columbia River Treaty, and entities are already engaged in that process. And there is a consortium of universities that are receiving funding for treaty-related efforts, and we could see if they are interested in using their funds for this, he added.

Harrison said the question is how the project would help the Council. We addressed climate change in the Sixth Power Plan and this could be useful in our next power plan amendment, he said. I would want to see some clear benefit for the Council, Harrison added.

Measure noted that the Council's collaboration with the CBT has been "in fits and starts," and it's seldom we have completed the tasks set before us. Just completing a task like this has some value, and in the interest of moving something forward, I don't mind spending money this way, he stated. If it comes to a vote, I'll support \$20,000 in funding, Measure said.

Harrison said he would talk to the CBT and see how they want to proceed. Dukes agreed that with the difference of opinion on the Council, "we could take it up with them again."

As for the third project, jointly funding a F&W project, Harrison said Brian Marotz of the Montana Department of Fish, Wildlife and Parks has identified five possibilities in the Kootenai that are a priority. The CBT is going through its internal process to determine the top priority, and we are waiting for them, he reported. The budget for the effort would be between \$25,000 and \$50,000, Harrison said.

He said plans are under way for the Council's annual meeting with the CBT. The dates will likely be in conjunction with the Council's November meeting in Coeur d'Alene, Harrison said.

Staffer John Shurts reminded the Council of an upcoming symposium October 3-5 in Kimberley, British Columbia, presented by the Universities Consortium on Columbia Basin Governance and sponsored by the Council, CBT, and others. This is the third in a series of symposiums, he said, adding that it is a place to have "an informal and unofficial" transboundary conversation about governance, Shurts said. He announced speakers and events planned for the symposium and encouraged Council members to attend.

5. Council decision on Project Reviews:

Mark Fritsch, manager, project implementation.

– Project #1998-007-04, Grande Ronde Spring Chinook on Lostine/Catherine Creek/Upper Grande Ronde Rivers

Staffer Mark Fritsch went over the background of a Grande Ronde subbasin artificial production project. The project is to integrate these artificial production activities with the Lower Snake River Compensation Plan in the subbasin and create a supplementation program, he explained. In its review, the Independent Scientific Review Panel (ISRP) requested additional information, but the sponsors did not meet a response deadline and staff provided no recommendation on funding for the project during the categorical review, Fritsch said.

The sponsors subsequently responded to the ISRP and the ISRP made a funding recommendation with qualifications, he said. The ISRP wants additional details on experimental design, as well as other information, Fritsch said. The F&W committee asked for letter from the project sponsor, Oregon Department of Fish and Wildlife (ODFW), to make sure it was aware of the ISRP questions and understood the importance of them for the Council, he said.

Council staff considered the ODFW response adequate and came up with alternatives for funding the project, Fritsch said. As a result, staff made a recommendation for project implementation through 2016, he added.

Staffer Tony Grover described concerns raised by Phil Rockefeller about supplementation. He said he would work with Rockefeller on a letter to ODFW and others to outline the concerns.

Rockefeller said the project could move forward and the Council will address a broader set of issues about supplementation that are the domain of NOAA and BPA rather than the co-managers. We can't study supplementation based on one project on the Grande Ronde River, but there is need for an overall study of supplementation, he said. Bradbury agreed. I am supportive of what Phil said, he added.

We have been pushing harder to see results from this effort; the results are coming in and they are mixed, Karier stated. I hope we push ahead with the investigation of these questions, he said.

Dukes made a motion that the Council recommend to Bonneville that it implement through Fiscal Year 2016 the Grande Ronde Spring Chinook project on Lostine/Catherine Creek/Upper Grand Ronde Rivers (Project #1998-007-04), with the condition that further Council recommendations may reshape the project as a result of the Lower Snake River Compensation Program review and as a result of the hatchery effects evaluation process described in the Council's programmatic recommendation #4 in the recent RME review, as presented by staff and recommended by the Fish and Wildlife Committee and that a letter be sent to the appropriate individuals about our interest in investigating the success of hatchery supplementation programs. Bradbury seconded the motion, which passed unanimously.

6. Overview of Oregon Department of Fish and Wildlife fish and wildlife program and related activities:

Curt Melcher, Deputy Director of Oregon Department of Fish and Wildlife.

Curt Melcher, deputy director of ODFW, provided an overview of his agency's mission and programs. Our mission is to protect and enhance Oregon's fish and wildlife, and their habitats for use and enjoyment by present and future generations.

Melcher described the ODFW agency structure, including the number of hatcheries and wildlife areas it manages. He listed the agency's responsibilities, including monitoring fish and wildlife populations, enhancing fisheries and fishing opportunities, restoring threatened and endangered species, and conserving at-risk wildlife and their habitats.

He went over ODFW's Lower Columbia River Conservation and Recovery Plan for Oregon Populations of Salmon and Steelhead, noting that it was developed in concert with federal agencies. Melcher outlined components of the plan, including goals, strategies, and management actions. He said the plan was adopted and is now being implemented.

ODFW has also developed a conservation and recovery plan for white sturgeon, Melcher said. They are not listed for protection, but sturgeon provides an important fishery, he said. Melcher described the plan and noted that one of the big threats to sturgeon is sea lion predation.

He said when he started in fisheries 25 years ago, sea lion predation on sturgeon “was unheard of” and now it is common. “Multiple pinnipeds are operating in a herd-like fashion to kill sturgeon,” Melcher stated. So fish we have worked 30 to 50 years to nurture are being eaten by sea lions, he said, adding that the sturgeon harvest is managed to compensate for other losses, particularly predation.

Measure asked if ODFW is worried about losing sturgeon spawners through the fisheries and predation losses. We think we are in a good place with our ability to preserve the brood stock, Melcher responded. He said the sturgeon conservation and recovery plan was peer-reviewed by independent scientists and adopted by Oregon’s Fish and Wildlife commission. We are moving forward with implementation, and we have monitoring and evaluation to inform us on our management actions, Melcher stated.

He went on to describe the Willamette Wildlife Mitigation Program and the process for developing criteria for purchases of mitigation acreage. Melcher described four projects that have been submitted to BPA for funding. Our Willamette wildlife agreement with BPA allows us to leverage funds, which reduces the cost to BPA but still provides mitigation credit, he said.

Melcher offered the department’s 2011 fisheries performance and forecast, summarizing the forecast for each stock and the catch. He said ODFW does population assessments every three years and manages its harvest guidelines over multiple years.

Melcher concluded with an overview of ODFW’s regional coordination commitments, including its work on a broad range of issues with other state and tribal co-managers, which he described as “boots on the ground” coordination. Other coordination efforts cover subbasin planning, the fish-tagging forum, and assessments, he said, adding that with regard to subbasin plans, “we now have recovery plans that supersede them” so a lot of new effort wouldn’t be warranted.

Karier said he would like to hear more from ODFW on its harvest strategies, including its view of barbless hooks. Melcher said ODFW works continuously with its counterpart in Washington, adding “we are attached at the hip.” He said research on the risk of mortality with barbless hooks is mixed. Our board has said if we can’t show the benefit, why adopt barbless hooks, Melcher said. In the research, the mortality comes down to where a hook is located, he explained. You get a very different mortality rate depending on the location of the hook; barbed or barbless is not the factor, Melcher said. Our commission has declined to make the change, he stated. One of the biggest complaints we get is that our angler regulations are too complicated, and we try not to make them any more confusing than they have to be, Melcher said.

Booth said he was interested in Melcher’s comments on the subbasin plans. We are trying to figure out how useful to the region a revisit would be, and “we are not interested in reinventing the wheel on something that won’t benefit the region,” he said.

7. Briefing on Council approach to habitat projects under BiOp:

Tony Grover, director, fish and wildlife division; and John Shurts, general counsel.

-----Item deferred until future meeting-----

8. Council business

– Approval of minutes

Dukes made a motion that the Council approve for the signature of the Vice-Chair the minutes of the August 9-10, 2011, Council meeting held in Spokane, Washington. Bradbury seconded the motion, which passed unanimously.

– Review of Council Financial Disclosure Forms

Shurts reported that every year Council members must fill out a Financial Disclosure Form reporting outside income. Both Measure and Rhonda Whiting reported outside income from their law practices, he said. The reports have been reviewed by the Council's General Counsel and no conflicts of interest were found, Shurts stated.

– Council decision to release Annual Report to Congress

Harrison said the Council's draft annual report to Congress is ready for release. A 90-day comment period is required, he said. If the Council approves the release at today's meeting, the comment period would extend to Friday, December 16, 2011, he said. At that time, we would take the comments and make requested changes and provide the Council with a revised version in January, Harrison explained. The draft has been reviewed by the Public Affairs Committee and the members' changes were incorporated, he added.

Dukes made a motion that the Council release the Draft Annual Report to Congress for public review and comment beginning Thursday, September 15, 2011 and ending Friday, December 16, 2011. Booth seconded the motion, which passed unanimously.

– Recommendation for Fish Tagging Forum Facilitator

Booth reported that 11 firms responded to a request for proposals (RFPs).

Measure called the forum "very important and an opportunity to take a strong scientific look" at tagging in the region that might result in a new approach. My biggest concern is that the facilitator be able to provide unbiased aid to the process, as well as analytical skills, he said.

Bradbury asked what type of analytic skills will be required, and Grover said it is critical the Council be able to produce analytic documents for the forum to work with. We don't want to put

out documents that people are suspicious about, so it will require analysis, he said. We need to gain a comprehensive understanding of how tags are used, and how to increase efficiency and cost-effectiveness, Grover stated. The question is, what is the relevance of coded-wire tags to the Council's program? he said.

After much discussion, Measure proposed the Council postpone a decision on the selection of a facilitator until October.

"We are making this more complicated than it needs to be," Yost stated. The issue is whether to shift money to pay for tags from BPA to someone else in the region, he said. "We don't need a facilitator, we need a referee, someone who would look good in a striped shirt and can blow a whistle," Yost said.

Approved October ____, 2011

Vice-Chair

x:\jh\ww\minutes\september 2011 astoria short version.docx