

**Bruce A. Measure**  
Chair  
Montana

**Rhonda Whiting**  
Montana

**W. Bill Booth**  
Idaho

**James A. Yost**  
Idaho



**Tom Karier**  
Washington

**Phil Rockefeller**  
Washington

**Bill Bradbury**  
Oregon

**Joan M. Dukes**  
Oregon

## **Council Meeting Whitefish Montana**

**June 7-8, 2011**

### **Minutes**

Council chair Bruce Measure called the meeting to order on June 7<sup>th</sup> and welcomed the Council to Whitefish, Montana.

#### **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 wrapped up issues on the categorical review of research, monitoring, and evaluation and artificial production (RM&E/AP) projects. We will present our recommendations to the Council tomorrow, he said. Booth previewed a couple of recommendations, including chartering a fish-tagging forum. He said the committee will next review projects in the resident fish and data management categories. The committee discussed the need to freshen up the seven to eight year-old subbasin plans and will continue to talk about how that should proceed, Booth said.

Staff presented the draft results on wildlife crediting to the committee, and we now have a ledger of projects, along with information and data sets we didn't have before, he reported. The results will be presented to the Council in July, Booth said.

Bill Maslen of BPA reported to us on implementation of recommendations from the wildlife categorical review, Booth said. Erik Merrill and Eric Loudenslager, chair of the Independent Scientific Review Panel (ISRP), made a presentation on a retrospective report the ISRP did on the Lower Snake River Compensation Plan's spring chinook program, he said.

Tom Karier, Power Committee chair, said staff presented an update on its fuel choice analysis. Staff is applying its modeling tools to questions related to fuel choice for home heating, whether it is gas, electricity, or new technologies, he said. This was the latest in a series of presentations

the committee has had on the analysis, Karier reported. The analysis is not ready for prime time, but we will get closer in the next few months, he stated.

We also talked about the conservation and energy efficiency options for small rural utilities, Karier continued. We were concerned in the Sixth Power Plan about the 10 percent of regional electricity load that exists in areas that don't have as much opportunity for conservation programs, he explained. The Council has been working with NEEA and BPA on the issue, and we brought in a consultant to work with the utilities and see what help they need with their conservation efforts, Karier said.

Karier said the committee also had a report on the GENESIS model, which is being improved. He noted that the Council sponsored a wind integration forum yesterday, where participants discussed issues related to bringing wind power into the grid efficiently. The group requested the Council prioritize infrastructure solutions, he added. We will process that request through the Power Committee and bring a proposal to the Council, Karier concluded.

Public Affairs Committee chair Rhonda Whiting said the committee will meet later in the day. We will talk about the congressional staff trip this year and review the next newsletter, she said.

## **1. Update on Centralia coal plant retirement agreement:**

Howard Schwartz, Washington Council staff; and Jeff Miller, Columbia Grid.

Washington staffer Howard Schwartz kicked off an update on the Centralia coal plant retirement with background about the two-unit plant, which has been in service since the early 1970s. Originally a mine-mouth operation with multiple Northwest utility owners, Centralia was purchased by TransAlta in 2000, and the coal to fuel it now comes from Wyoming, he said. Centralia "operates as a merchant plant," selling electricity into the short-term market, Schwartz explained.

Schwartz said the Washington legislature passed ESSB5769 in 2011, which calls for closing one boiler at Centralia in 2020 and the second by 2025. Other provisions of the bill include providing economic development help to Lewis County, where the plant is located, and encouraging development of natural gas generation in the country.

The bill allows TransAlta to be relieved of its closure obligations if the Environmental Protection Agency (EPA) imposes more stringent emissions standards than currently exist, he added. Schwartz indicated that EPA is not likely to up the standards since the agency sees the closure as positive for reducing carbon emissions. The plant closure deal "is intricately woven," and new EPA standards would likely unravel the whole thing, he explained.

Schwartz pointed out another provision of ESSB5769 that amends Washington's energy performance standard to allow Washington utilities to purchase coal-based "transition power" through 2025. "Transition power" is defined under the bill as electricity from a coal plant in Washington that is scheduled to close by 2025, he said.

Schwartz listed a number of factors that led to the legislative deal, including Governor Chris Gregoire's 2009 Executive Order on Climate Change, which launched negotiations with

TransAlta to reduce emissions at the coal plant. Those negotiations didn't work out, he said, but they set the stage for the legislature to act. The bill pushes the "local economic pain" in Lewis County out into the future, which allows an opportunity to mitigate much of it, Schwartz added.

All of the players achieved something in the deal, including TransAlta, which sought regulatory certainty and the possibility of long-term power sales contracts, he continued. The environmental community wanted certainty that coal generation would be retired in the state and saw the deal as a prototype for future campaigns, Schwartz explained.

The next steps call for the governor and TransAlta to enter into a memorandum of agreement to lock in provisions of the bill contractually, he said. There will also be exploration of a timetable for new natural gas generation development, as well as the initiation of a local economic assistance program, Schwartz reported.

Jeff Miller of Columbia Grid described the 10-member transmission entity and the role it plays in planning for the grid, explaining that ColumbiaGrid develops a biennial transmission expansion plan and also conducts studies focused on specific issues, like the Centralia closure.

Miller said ColumbiaGrid initiated the closure study in November 2010 and wrapped it up in April, with a report titled "The Effect of the Centralia Power Plant Closure on the Grid." Miller explained the analysis, covering the major concerns and issues.

## **2. Update on replacing retired coal plants: findings from the Sixth Power Plan:**

Michael Schilmoeller, senior power systems analyst; and Ken Dragoon, senior resource analyst.

Staffer Michael Schilmoeller reminded the Council that studies done for the Sixth Power Plan anticipated coal plant reductions in the region. The plan is still in "pretty good shape," he said. Schilmoeller pointed out that the purpose of the regional portfolio model used for the plan addresses costs to regional ratepayers. It doesn't look at issues like voltage support or transmission requirements, he said.

Schilmoeller and staffer Ken Dragoon gave an overview of assumptions in the Sixth Power Plan relative to coal generation and carbon penalties. Schilmoeller explained that in cases where coal plant closure is assumed, "we're bringing on gas plants," and they are queued up to be built.

The Power Plan anticipated this and "guessed it right," Karier said. We anticipated problems with carbon, and while this wasn't the carbon tax some expected, this closure is a response to carbon emissions, he said. This is a good example of planning under uncertainty and seeing how things unfold, Karier added.

My main concern continues to be firm power and adequacy, Booth stated. He noted that plants providing nearly 2,000 megawatts of generation in the region are scheduled to close and questioned whether remaining resources can meet hot-weather events and winter peaks. "Don't these coal plants operate at full capacity sometimes?" Booth asked. I get concerned about the idea we can replace them with a 400-MW gas plant, he added.

That is work for the Resource Adequacy Forum, Dragoon responded. The forum has looked out to 2015 and its analysis shows we are meeting standards for adequacy, he said, adding there is a presumption that some independent power production is used in the region. We will be looking to see that we meet the adequacy standards in light of these closures, Dragoon said. Our regional models are limited and the adequacy forum analysis is needed, Schilmoeller agreed.

Booth asked about the difference in cost between coal and a replacement resource. He said he thought the replacement was about twice the cost. These coal plants are looking at higher capital costs to meet environmental standards, and that equation is in the owners' minds when they make decisions on closure, Dragoon stated.

Wallace pointed out that the costs for air-quality modifications at the plants would be significant. And there are other carbon considerations in bringing trainloads of coal from the Powder River Basin in Wyoming, he added.

### **3. Briefing on ISRP Retrospective Report: Review of the Lower Snake River Compensation Plan's Spring Chinook Program:**

Eric Loudenslager, Chair, Independent Scientific Review Panel; and Erik Merrill, ISRP/ISAB coordinator.

ISRP Chair Eric Loudenslager reported on the ISRP's review of the Lower Snake River Compensation Plan's spring chinook salmon program. The purpose of the LSRCP, authorized by Congress in 1976, was to replace fish lost due to the construction and operation of four dams on the lower Snake River, he explained. The plan anticipated a loss of about 15 percent of the fish per dam, with a cumulative loss of 48 percent, Loudenslager said. Under the plan, hatcheries would be used to compensate for the lost fish, he said.

Loudenslager described how the hatchery production is accomplished in six hatcheries, one each in Washington and Oregon, and four in Idaho. All of the hatcheries are owned by the U.S. Fish and Wildlife Service and operated by state agencies, he said, noting there are also a number of satellite facilities.

The LSRCP objectives were based on adults to provide fish for harvest, Loudenslager continued. Specifically, the plan called for 58,700 adult spring/summer fish above Lower Granite Dam, as well as 234,800 fish for harvest in the lower river, he said. In the 1990s, conservation objectives were added to the plan, Loudenslager said. This was at a time when fish were at very low numbers, and the objectives were added to avoid extinction, he explained.

Loudenslager described the planning assumptions and basis for various fish production targets. He noted that the ISRP review is the first evaluation of the program since 1998. The following categories were used for the ISRP review, Loudenslager said: in-hatchery performance, post-release survival, conservation objectives, and genetic/ecological interactions. The ISRP considered whether there were performance indicators, whether they were measured and reported, and whether they were interpreted reasonably, he explained.

Loudenslager went through the ISRP findings for each category. While the ISRP found smolt production met 80 percent of the goal, adult production has fallen far short of goals in the LSRCF legislation, he said.

Booth pointed out that high numbers in some years were due to good ocean conditions. There are external factors that affect achieving the goals, he said. How do you account for that in evaluating the program? he asked. The Council and the states need to have a conversation about their expectations, Loudenslager responded. The program asks for 60,000 salmon to Lower Granite Dam and about 300,000 total, he said. But due to the hydro system and ocean conditions, the goal hasn't been achieved, Loudenslager said. The question of whether this level of achievement is acceptable is a policy question for the region and the stakeholders, he said.

Bill Bradbury said he had a call from the Columbia River Inter-Tribal Fish Commission about its concerns with the ISRP report and conclusions. Our co-managers are not necessarily agreeing with the findings, he said. What is the difference between these findings and the co-managers' view about what is going on? he asked.

Loudenslager pointed out that the data the ISRP analyzed is from the states and others. We are more firm than they are about the supplementation conclusions, i.e., that supplementation won't get you where you want to go, but I don't know how scientists would want to reinterpret the data from the Imnaha research, he added.

#### **4. Briefing on dam operations under spring run-off conditions:**

Peter Cogswell, Steve Oliver and Rich Pendergrass, Bonneville Power Administration.

Rick Pendergrass and Steve Oliver of BPA briefed the Council on current federal Columbia River hydro system operations. Temperatures have been below normal and precipitation above normal this spring, Pendergrass said, but we are now seeing a return to normal conditions. The final June forecast is 141 million acre-feet (MAF), 131 percent of normal, he reported.

Pendergrass said the Corps of Engineers is currently managing the river to within one foot of flood stage at Portland/Vancouver. This is close to, but not yet approaching the situation in 1997, he said. Pendergrass described the balancing act going on with generation and discharge in the upper river to meet flood control objectives and minimize total dissolved gas.

Oliver said BPA started seeing a lack of market for generation in early May. We were still able to manage to the dissolved gas limit until May 18, but since then, we have had environmental redispach on all but two nights, he reported. As of June 9, we had displaced 59,313 hours of wind generation, Oliver said.

Karier asked about the high levels of dissolved gas in the reservoirs and mortality that occurred with pen-raised fish below Grand Coulee Dam. Oliver said BPA is working with the technical management team to try to disperse gas levels across the system.

At Grand Coulee, there are eight generating units out, including two large units, he said. There has been a lot of concern about reliability problems with those units, and the Bureau of Reclamation has embarked on a 12-year process to rehabilitate the third powerhouse at Grand

Coulee, Oliver explained. We had a discussion with Reclamation to see if we could get those units back on line, but they concluded they absolutely couldn't do it, he said. "Every unit that can be on line is on line," Oliver added. He acknowledged the total dissolved gas level is higher because the turbine units are out of service.

Pendergrass said BPA and BC Hydro have agreed to non-binding terms for a new non-Treaty storage deal. The tentative agreement was signed in mid-May, and BPA is holding public meetings around the region to explain it, he said. Negotiations on a contract begin this summer, and if they are successful, a new agreement could be in place by the end of the year, according to Pendergrass. He described the non-binding terms as follows: the agreement would expire September 15, 2024, and it provides 5 MAF of storage in Canadian reservoirs. BPA and BC Hydro could each have continuous access to 1.5 MAF of the storage, and either party could decline a transaction if flow impacts would be unacceptable, Pendergrass said.

BPA would have a right to 0.5 MAF of water releases in May/June of the lowest 20 percent of water conditions, and BC Hydro would share in the benefits of energy generated at federal projects in the United States as a result of using storage to shape flows, he explained. Those benefits would either be delivered at the border or settled financially, Pendergrass said.

### **Goodbye to Dick Wallace**

Peter Cogswell of BPA thanked Dick Wallace for his service to the Council and wished him well. Measure acknowledged Wallace's contribution to the Council and thanked him for being "thoughtful, thorough, and deeply involved." We appreciate your expertise on the issues, he stated.

Booth expressed appreciation for Wallace's help on the F&W Committee. You took on a couple of tasks others wouldn't take on and finished them successfully, he said. You have made a huge contribution to the region and "advanced the good cause," Booth stated.

It's a team effort and I have enjoyed it, Wallace responded.

Council Executive Director Steve Crow presented Wallace with a plaque acknowledging his service.

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Wallace made a motion that the Council meet in Executive Session on Wednesday, June 8, 2011 to discuss matters of Council organization, procedures, and personnel. Joan Dukes seconded the motion, which passed unanimously.

## **5. Council decision on remaining programmatic issues and associated projects with RM&E/AP category review:**

Tony Grover, director, fish and wildlife division.

Booth presented the F&W Committee recommendations for the remaining projects in the research, monitoring and evaluation (RME) and artificial production (AP) categorical review. The “Group B” list of projects and a decision document are ready for a Council decision, he said.

The categorical review has been very productive, and we have had good cooperation from the project sponsors, Booth said. We worked with BPA and Council staffs in a comprehensive effort to look at all RME projects at one time to see how they fit together and to find efficiencies, he said. Overall, there were 159 projects on the RME/AP list that represented more than half of the F&W budget, Booth indicated. He explained how the projects were divided into two groups, the first of which the Council has already approved.

Now we have the B list, which is “a different dog,” Booth said. These are projects and programs with issues that need to be ironed out, he said. They fall into six areas, Booth said: ocean, estuary, habitat monitoring, tagging, white sturgeon, and lamprey.

Two of the categories, habitat monitoring and tagging, are “large and controversial” so we are recommending two-year funding for some of these projects, he indicated. The habitat projects include the Columbia Habitat Monitoring Program (CHaMP), about which there are still issues to resolve, and we recommend putting together a major effort on fish tagging that includes chartering a fish tagging forum, Booth explained. Our initial concern was with coded-wire tagging, but we now want to look at all tagging activities in a two-year effort, he said. Everyone will have an opportunity to discuss the topic before we make a long-term funding recommendation, Booth stated.

The RME/AP category in the Council’s F&W program has been improved quite a bit with this review, he continued. We have better-focused projects through our work with the sponsors, and we have better overall coordination and efficiencies within subgroups of projects, Booth said.

Staffer Tony Grover addressed programmatic issues in the categorical review and the plan to deal with them. Habitat effectiveness monitoring is our number one issue and will require the most constant attention from the Council, he said. We have “a known disagreement” with NOAA and BPA on how to proceed, Grover indicated. The clear sentiment at NOAA and for the most part at BPA is to go for a full build-out with the habitat monitoring, he said. We feel pilot projects are needed and we want to see if CHaMP is the best approach, Grover explained. We have a two-year funding recommendation and want to hold off on long-term funding until the Council is comfortable with the list of habitat effectiveness monitoring projects, he said.

Grover went on to explain staff recommendations on the estuary and ocean projects. For the three ocean projects, there is an effort to get sponsors working together and sharing information, he said. We have asked whether one ocean research project is relevant to the Council’s F&W program, Grover said. The sponsors are working together on a synthesis report, and the Council will decide if it wants to fund all three projects, fewer or none, he added.

The ISRP has lots of concerns about the way white sturgeon are being managed in the lower river, Grover continued. We think sponsors can better leverage their efforts and work together better than in the past by putting together an overall strategic plan, he said. The sponsors are already involved in a synthesis effort with these projects, Grover said. The same is true of lamprey, the sponsors are working together, he reported.

The last issue, coded-wire tags, is the most problematic for the Council, Grover stated. We haven't figured out what relevance these tags have for our F&W program, he said. We are recommending a two-year process to explore this issue and how tagging supports the program, Grover said. If there are significant expenditures being made that aren't related to the F&W program, the Council can decide whether to continue the funding, he said. The sponsors will have a chance to make a connection with the F&W program, but Grover acknowledged he is "deeply skeptical." We will see, he added.

Staffer John Shurts explained the Council's decision in more detail. There are 43 remaining projects, he said, noting the ISRP raised a larger issue about how the projects work together as a group. There are 11 programmatic issues on which staff made recommendations, and there are now 11 committee recommendations, Shurts said. These will be turned into Council decisions, he said. You are making a decision on the issues and the RME/AP projects, Shurts stated.

He highlighted a few of the programmatic issues, including reporting and results, research projects, and coordination. Habitat effectiveness is a big issue, Shurts said. The F&W program is based on the idea we can do lots of work in the habitat and effect life changes in key populations, he explained. Ours is a habitat-based program so there is premium on monitoring to see how the measures work, and monitoring is critical for implementing the Biological Opinion (BiOp), Shurts said.

We support the need for coordinated and standardized monitoring, but it needs to be implemented with an incremental approach, he said. We have listed principles we want to use to see if the monitoring protocols work, and after pilot testing, we want to see the results and lessons learned, Shurts explained. Until that happens, we don't want full implementation, he said, adding that the Council needs to work closely with BPA and NOAA on monitoring issues.

We have worked closely with BPA to put these recommendations together, we have worked closely with all parties affected by the decision, and we have met with utilities, Grover said. We had a great conversation with them about where we are headed, he said. They don't agree completely, but we have reached out to everyone who is interested, Grover said. This decision document is well vetted throughout region, he stated.

Shurts reminded the Council that another document is needed to tie up loose ends on the Council's decision. It will be presented later for your approval, he said.

Measure thanked the F&W Committee for its work and asked if there was public comment.

Bo Downen of the Public Power Council (PPC) presented joint comments from PPC, Northwest RiverPartners, Northwest Requirements Utilities, and PNGC Power on the Group B projects. The Council should recommend only projects that have "a clear hydro nexus," pass muster with the ISRP, and are clearly connected to the Biological Opinion (BiOp) requirements, he stated.



There are four areas where the Council has the ability to suggest defunding and moving dollars from RME to on-the-ground projects that directly help F&W, Downen said. Coded-wire tagging is one of the areas where we don't see the hydro nexus, he said. We see this as a state responsibility, and we ask the Council to recommend not funding it, Downen stated. We don't see the hydro nexus with white sturgeon management, either, and it is the responsibility of state F&W agencies to address sturgeon harvest, he said.

We also have concerns with the Columbia Habitat Monitoring Program (CHaMP), Downen continued. We like the idea of pilot projects, rather than full implementation of CHaMP, and using those results to determine next steps, he stated.

Ocean research is our fourth area of concern, Downen said. "We really like these projects," he said. They have provided good data and good arguments have been made for keeping them, Downen added. But we feel "the hydro responsibility has to end somewhere" and that should be the mouth of the river, he said. Someone other than BPA and its customers should fund these efforts, Downen stated. We know these are difficult decisions, but we look to the Council for leadership, he concluded.

Ken Sugden of Flathead Electric Cooperative (FEC) seconded Downen's comments. We belong to the organizations that collaborated on these comments, he said. I have been watching the Council since it started, and the utility community has urged spending more money on actions that save fish and less on RME, Sugden stated. We depend on the advice of people who have "slogged through the details" of the projects and recommended cuts, he said, likening the process to budgeting and cutting at his utility.

We are not recommending cuts, but redirecting money to "boots-on-the-ground" projects, Sugden said. There is a perception among utilities that once F&W projects receive funding, it's hard to stop them; the tendency is to keep things going, he said. But you have to draw the line somewhere, and my advice is to move dollars to on-the-ground work, Sugden stated. If you don't, I hope you have "an exit strategy" to stop projects when they aren't working, he added.

Jim Yost questioned the recommendation on ocean projects. I don't think we have treated the three projects fairly, and we won't get the synthesis we expect, he said. One way to remedy this is to cut project funding for all projects equally, Yost stated. All of the projects have provided helpful information, but they aren't coordinating their efforts, and we need to provide an incentive for them to do so, he said. I don't think you will get them to negotiate with each other if they all get full funding, and I recommend we reduce funding for all of the projects, Yost said.

I take your point, Grover responded. What is the motivation for the sponsors to work together on a synthesis report? If that is the Council's desire, that is a change we could make, he added.

I won't support the package of recommendations without reductions in all of the ocean projects, Yost stated. Once they have the synthesis plan put together, then decide on longer-term funding, he suggested.

Measure asked if there was Council agreement on Yost's suggestion. We would like to check with the sponsors to see if their field activities would be affected if a decision is delayed, Grover responded. The Kintama Research project is already making adaptations, but we haven't had

that conversation with the other two project sponsors, he said. Booth agreed it would take additional work to determine the impacts of funding cuts on the research.

If you give them each a 20 percent reduction, it would provide an incentive on synthesis, Yost suggested. Staff could take a month and talk to them, but my question is how you bring them to the table to get synthesis if they have full funding, he stated.

Wallace said he thought the project sponsors were being treated equitably. If they can't get to synthesis with their projects, all of the money goes away, he said. If I was sponsoring one of those projects, "I would be at the table" because all of the funding is on the line, Wallace added.

Karier suggested accelerating the review and figuring out priorities for the ocean research. We need to know what we have learned and what we need to learn from the ocean, he said.

NOAA is doing important research work in the ocean, Dukes said. Is there a reason to think NOAA won't cooperate? she asked. If the work is getting done it doesn't seem we need an additional incentive, Dukes stated.

Staffer Patty O'Toole said the ocean research sponsors have already gotten together to make an outline for the synthesis report, which is to be done by the end of the calendar year. All of the projects are on different contracting schedules, which adds some complication, she said.

Measure said the Council could get to consensus about whether it wants to amend the recommendations or someone could bring a motion. Booth said he did not have a preference either way. If there is a motion to reduce the project funding, there are contractual issues to consider, he said. If there is consensus we want to cut the NOAA project funding, staff needs to consult with NOAA and BPA to understand the contracting implications, he said.

Karier suggested the Council hold the ocean recommendations until July.

Yost suggested another route is to increase funding for the one project where funding has been reduced. Some sponsors have more incentive than others to cooperate, and this would "give a shot across the bow" that we are looking at this, he said.

Measure asked if the Council should defer a decision on the ocean projects until next month, and Booth said it would not slow down the review process. Shurts clarified that the Council could adopt the programmatic issues and hold the three ocean projects aside.

Yost said his second issue is coded-wire tags. "I'm not excited about paying for coded-wire tags that are used for harvest data," he said. I won't support the recommendation to fund coded-wire tags for two years, Yost stated, adding that it is a state responsibility.

Dukes commented that coded-wire tags are used for more than fisheries harvest and that it would not be a good idea to take away the funding. Coded-wire tags are used to track avian predation, she said. Wallace said he supported the F&W committee recommendation on tagging. The committee said we need to step back and look at all tagging, he said. There is a lot to sort through, and it will take a two-year period to do it, Wallace said.

Grover pointed out that “tagging is a complicated business.” If this was easy, we would have solved it 13 years ago when the Council asked the same question, he said. It will take tenacity to get this sorted out, he said, adding that tagging is a piece of the program that runs from California to Alaska. I think two years is necessary due to the complexity, Grover stated. He also pointed out that there is an international effort going on with the tagging issues.

We want to do this right and there will be a lot to discuss, Booth said, adding that he would stick with the staff recommendation.

The strategy the F&W committee came up with is a good one, Karier said. If we can do things faster, that would be good, he added. Whiting said the recommendation has been discussed thoroughly and project sponsors got the message to speed up their reviews.

Measure thanked the F&W Committee for its work and said he agreed with the approach Booth took with the categorical review. But there are legitimate concerns about funding some projects, he said, adding that there has to be a direct nexus to hydro system impacts. “We get press every week that we aren’t doing enough for fish” and that what is being done is too expensive, Measure said. That detracts from the work we should be doing to recover anadromous fish, he stated. Measure said he would not support a motion to approve the recommendations.

Yost said since the package lumps all of the projects together, he would vote no on a motion. I don’t disagree with all of the projects, but you have heard my objections, he stated.

Wallace made a motion that the Council a) recommend to Bonneville the implementation of the remaining projects in the RME/AP category review as set forth in the spreadsheet presented at the Council meeting, with appropriate conditions and comments noted in the comment field, with the exception of ocean projects 136, 137, and 138, and as conditioned by the recommendations on an associated set of programmatic issues also approved at this meeting by the Council, all as presented by staff and recommended by the Fish and Wildlife Committee and b) direct staff to complete the documentation of the Council’s decisions in this review and c) direct staff to return to the Council with recommendations on the ocean projects. Bradbury seconded the motion. The Council approved the motion, six to two. Measure and Yost voted no.

## **6. Update on Flathead Electric energy efficiency experiences:**

Ross Holter, Energy Services Supervisor, Flathead Electric Cooperative.

Ross Holter of FEC gave an update on the energy-efficiency program at the cooperative and how its rate structure redesign is providing incentives for savings. The co-op has “a robust program” that covers residential, commercial, and industrial customers, and in 2010, FEC spent almost \$2.3 million on energy efficiency, he reported. This year, the co-op added personnel to its energy-efficiency staff, Holter said, and we may be adding a loan program to help people “get over the hurdle” to make initial efficiency investments.

The big challenges for utilities that offer efficiency programs are changes in the funding mechanism and in the measures eligible for credit toward targets, he said. BPA’s new funding mechanism, which will be in place later this year, pushes the funding obligation to utilities, Holter noted. A lot of the money will come directly from our ratepayers, he added.

The elimination of eligible measures is also a challenge, Holter continued. We were recently informed that ground-source heat pumps are no longer considered a cost-effective measure, and we are concerned about that, he said. There needs to be a new baseline for determining the cost-effectiveness, according to Holter, who said ground-source heat pumps have been a successful savings measure for the cooperative. On the other hand, heat pump water heaters aren't likely to work well or be widely adopted in our area, yet they are part of the energy-efficiency goal in the Council's Sixth Power Plan, he stated.

Holter told the Council that weatherization projects will be difficult to achieve under the new specifications that require air sealing and blower door tests. The new specifications will slow down and inhibit weatherization in rural areas, he said. "Keeping the power on" is a given with today's cooperative members, Holter said. They now want us to help them manage their energy savings, he concluded.

## **7. Panel on innovative energy technologies:**

Kevin Witt, Chief Technology Officer, Zinc Air, Inc.; John Murdock, Vice President, Algae Aqua-Culture Technologies; and Cheryl Talley, Director of Energy and Member Services, Flathead Electric Cooperative.

John Murdock of Algae Aqua-Culture Technologies briefed the Council on a process that turns "hog fuel" (bark and other waste from wood processing) into combustible gas and organic fertilizer. He explained the process by which the hog fuel is used to grow algae, which is then converted to methane. The company operates a demonstration project in Columbia Falls, Montana and is nearing the end of construction on its first commercial-scale project, according to a staff paper.

Kevin Witt of Zinc Air, Inc. described his company's efforts to develop large-scale zinc storage batteries. We are looking at a 50 to 100-megawatt (MW) storage size, he said. Zinc Air aims to keep the cost low, and while other storage developers are going for high efficiency and other attributes, we want to get the cost down to six to seven cents per kilowatt-hour (kwh), Witt said.

Cheryl Talley of FEC reported that the utility's landfill gas-to-energy project has generated over 11 million kwh since startup in 2009 at a cost of five cents per kwh. This month, drilling to expand the well field at the landfill begins, she said. The addition is designed to add about 35 percent more gas, which could boost electricity output to about 1.2 MW, according to Talley.

FEC is also involved in developing the Whitefish Hydroelectric Project at a site below Whitefish ski resort, she said. The City of Whitefish operated a small hydro plant from 1982 to 1989 until a lightning strike put it out of commission, Talley reported. The city is proposing to replace the damaged turbine and outdated controls and refurbish the project, which would have an annual output of about 900,000 kwh, she explained.

The city and FEC are finalizing a 20-year power purchase agreement, Talley continued. An energy-efficiency block grant is funding part of the project, and FEC will pre-purchase the first six to eight years of energy output to provide the city with capital for the rest, she said. The project should be up and running in early 2012, Talley concluded.

## 8. Council Business

### – Approval of minutes

Wallace made a motion that the Council approve for the signature of the Vice-Chair the minutes of the May 10-11, 2011, Council meeting held in Hood River, Oregon. Booth seconded the motion, which passed unanimously.

### – Council decision on release of Draft Bonneville fish and wildlife spending report for public comment

Wallace made a motion that the Council approve release of the Draft Tenth Annual Report to the Northwest Governors on Fish and Wildlife Expenditures of the Bonneville Power Administration for Fiscal Year 2010 for a 30-day public comment period, ending on July 8, 2011, as recommended by the Public Affairs Committee. Karier seconded the motion.

Staffer John Harrison said the draft is ready to go. The motion passed unanimously.

### – Public comment on Draft Fiscal Year 2013 Council budget and Fiscal Year 2012 revisions.

Measure asked if there was comment on the Council's budget. Charles Pace of the Columbia River Inter-Tribal Fish Commission offered comments summarized below. He also said he would provide written comments.

The Council's budget is top heavy in administration and too much is allocated to the states. He suggested the Council reduce its budget in certain areas, including the Independent Economic Advisory Board. Last year, the IEAB prepared a single report and there is \$100,000 for them in the proposed budget. He also said the per-attorney cost in the legal budget is \$284,000.

There are opportunities to minimize overhead in administration and focus on things that truly promote activities contemplated in the Power Act. You have a number of forums that are tangential to the Council's mission in the Act. The Council needs to return to the fundamentals of the Act. Much of the fish and wildlife work is to further the Biological Opinion, which is tangential to mitigating for the hydro system.

The Council meeting adjourned on June 8<sup>th</sup> at 11:55 a.m.

Approved July 12, 2011

/s/ Joan M. Dukes

Vice Chair

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