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| **Rhonda Whiting****Chair**Montana | SingleLogoForWord.png | **Bill Bradbury****Vice-Chair**Oregon |
| **Bruce A. Measure**Montana**James A. Yost**Idaho**W. Bill Booth**Idaho | **Henry Lorenzen**Oregon**Tom Karier**Washington**Phil Rockefeller**Washington |

Council Meeting

Astoria Oregon

September 11-12, 2012

Minutes

Council vice chair Bill Bradbury called the meeting to order at 1:33 p.m. Former Council member Joan Dukes welcomed the Council to Astoria.

Bradbury indicated a need to start the meeting with a briefing on the Oregon Governor’s 10-Year Energy Plan to accommodate the presenter’s schedule. Henry Lorenzen introduced Michael Jung, who headed up the task force that developed the plan.

1. Briefing on the State of Oregon’s Ten-Year Energy Strategy:

Michael Jung, Silver Spring Network.

Oregon’s 10-Year Energy Action Plan was developed by a hand-picked group of people who could think “outside the box” and come up with a successful plan, according to Michael Jung, chair of the energy plan task force. The governor said he wanted something different from the usual, and the task force was instructed to aim high and come up with “the most profound and exciting ideas” for Oregon’s energy future, he told the Council.

Jung said the 10-year time period was important because it goes beyond the term of any governor and transcends partisan issues. A decade meant we needed to think big, he stated. Jung, whose background includes a management position at electric utility AEP Ohio, said 10 years is the beginning of the time horizon “we think of in the world of power planning,” and it allowed the task force to think about a long-range future.

The governor’s task force, which had three months to do its work, was divided into four “design teams” that started off with ideas generated by the governor’s office, he said. A fifth team focused on governance, working among the groups and taking on issues like how to implement the recommendations and organize the state’s resources to make things happen, Jung added.

The task force recommendations fell along three “cross-cutting” paths, he stated: technology and innovation; climate and carbon; and communities and individuals. We wanted to engage citizens, Jung said. There were 185 recommendations forwarded to the governor, and the 10-year action plan incorporates a synthesis of those ideas, he reported.

The Council’s Sixth Power Plan calls for meeting 85 percent of the region’s load growth with efficiency, Jung said. We saw the opportunity to “beat the region’s impressive track record” and the governor’s plan calls on Oregon to meet all its new load growth over the next decade through efficiency, he stated. “It is a target that is stimulating, motivating, and ambitious,” Jung said. He noted that commercial buildings offer the last of “the low-hanging fruit” and said the next generation of efficiency will involve people and behavior.

Jung went on to explain that the governor’s plan addresses transportation and calls for lessening the dependence on imported fossil fuels. The plan foresees greater convergence between the electricity and transportation sectors; we think there is synergy there, he said.

Jung emphasized that Oregon’s Energy Action Plan is “a first cut.” The governor is now taking comments on the draft and getting input on the plan, he wrapped up.

Henry Lorenzen asked about the role of capacity and the challenges of integrating wind. The need for capacity is becoming more important and is a critical element of the region’s energy future, he said.

In our estimation, capacity will be a greater challenge than energy, Jung responded. “The kW will be a bigger challenge than the kWh,” he stated. Jung acknowledged the integration of renewables into the grid presents a growing set of challenges. The task force saw connection points with the proliferation of electric vehicles, he said. In general, there is more wind generation at night when electric vehicles would be charging, and there will be other opportunities for storage, Jung stated.

Natural gas has a role to play, he added. The task force recognized that to integrate renewable resources, gas will play a role in mitigating the volatility, Jung said. The overall approach in the plan “is to minimize the need for capacity rather than build it fast,” he acknowledged. As a group we felt we could use energy smarter, and then “see where we are at,” Jung said.

Phil Rockefeller asked whether the task force will develop legislative proposals. We tried to identify mechanisms to make our recommendations actionable, Jung replied. But the task force has run its course and “the ball is in the governor’s office,” he concluded.

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

Phil Rockefeller, chair, fish and wildlife committee; Jim Yost, chair, power committee; and Bill Bradbury, chair, public affairs committee.

Phil Rockefeller, chair of the Fish and Wildlife Committee, reported the committee had a detailed presentation and discussion of hatchery and supplementation policies. We also had a number of presenters on the Columbia Estuary Ecosystem Restoration Program and learned about the scope of that program, he said. In particular, we heard about how the program addresses Biological Opinion (BiOp) objectives and the role of various parties, and we also had a report on the Independent Scientific Advisory Board’s (ISAB) view of the restoration program, including the issues the ISAB thinks still need to be resolved, Rockefeller said. The committee had a report from Tony Grover on high level indicators and next steps in that process, he said.

Jim Yost, chair of the Power Committee, said the committee heard a report on the residential building stock assessment (RBSA), which will provide updated information about specific electricity use within a single-family household, he said. The RBSA will be followed-up with a study of electricity uses in multifamily households, Yost added. The committee had a roundtable discussion with John Prescott of PNGC and Clint Kalich of Avista about capacity, he reported. Power plans of the past were focused on energy, but we are now faced with capacity issues, Yost said, adding the region may be energy long and capacity short. We started that conversation today and will have more discussions about capacity, he stated.

John Fazio gave a report on resource adequacy and we had a presentation on the power price forecast, Yost continued. As gas prices have gone down, so have power prices, he said. The committee was also updated on the mid-term assessment. We are prioritizing the issues to be addressed and progressing well, Yost said, adding that he appreciated the staff effort to interact with others in the region in developing the assessment.

Bradbury reported on Public Affairs activities, including the summer edition of the Council quarterly, a fast facts publication, a brochure on protected areas, and a video project that highlights the Council’s work.

Staffer Mark Walker recapped the August Congressional staff visit, which took place this year in Washington state. Among the activities, we had evening briefings for the staff members and received good feedback on them.

1. Presentation on energy efficiency industry implementation activities:

Stan Price, Executive Director, Northwest Energy Efficiency Council (NEEC); Marcus Wilcox, Cascade Energy; Tom Konicke, McKinstry Company; and Phil Welker, PECI.

Stan Price of the Northwest Energy Efficiency Council kicked off a panel on industrial energy efficiency. NEEC members provide energy efficiency products and services and help “fill in the gap” between planning for and achieving efficiency, he said. Thousands of transactions combine to produce the energy efficiency resource the Council expects from the region, Price noted.

Phil Welker of PECI said the Northwest came early to the idea that energy efficiency is a resource, and that idea has become the standard across the nation. PECI works to get projects on the ground to gain efficiency, he said. The original efficiency measures were straightforward, but now measures are much more complex and “the chain of actors” involved has gotten more complex as well, Welker stated. Implementing efficiency is a substantial business these days, and the whole enterprise is stepping up to a new level, he said.

Having consistent support for the region’s energy efficiency mission is important, Welker went on. Acquiring energy efficiency employs a lot of people, he said, and savings customers see on their energy bills provide other economic benefits. Welker offered examples of how PECI helps industrial and commercial enterprises achieve savings at about 30 mills per kWh.

Tom Konicke of the McKinstry Company, a Northwest business that started as a plumbing contractor, described ways his company delivers on-the-ground energy efficiency services to its clients. There is a need to replace infrastructure in the region’s aging institutions, he said. Deferred maintenance has come to be “abandoned maintenance” because of stagnant budgets, Konicke added.

“One of the budget streams” for infrastructure improvements is through energy efficiency, he stated. Konicke described the way McKinstry has been able to package facility improvements for its clients to address HVAC systems, windows, and roofing through energy-savings performance contracting. We can provide energy savings and net positive cash flow, he stated.

Cascade Energy, a company started in 1993 that now employs 85 people, provides industrial energy consulting, according to owner Marcus Wilcox. Cascade manages BPA’s Energy Smart Industrial program and has a long history of working with the Energy Trust of Oregon, he said.

Industrial conservation is very specialized and requires lots of expertise, Wilcox continued. The industrial sector takes energy very seriously, he said. When it comes to efficiency projects, they will be spending money they are not spending on production, Wilcox pointed out. He described the efficiency savings in big industrial projects as “lumpy” since projects are often carried out over time or in phases. That “lumpiness is hard to put into a spreadsheet,” Wilcox stated. He predicted industry could provide the region with 10 to 15 MW of savings a year.

Tom Karier asked the panelists what the Council should be thinking about in developing its Seventh Power Plan. Energy efficiency seems to be stuck “at the invention stage” and carried out measure-by-measure, Welker responded. We haven’t moved to market penetration and we need to develop a business model “to scale this up,” he advised. The region needs to look at energy efficiency from “a longer-term investment perspective,” Welker stated.

Jim Yost asked how businesses make the decision to invest in energy efficiency. The decision is generally made “because there is no other choice,” Konicke said. The alternative is failing infrastructure or equipment that is non-functioning, so there is a need to find a way to invest and capitalize the costs, he added. Wilcox said industries plan their efficiency investments for years. They look at things like “simple payback” – it is just like any other decision, he said.

1. Update on Bonneville Power Administration’s fish and wildlife budget and project management practices:

Lorri Bodi and Bill Maslen, Bonneville Power Administration.

Lorri Bodi of BPA briefed the Council on the expense side of the agency’s 2012-2013 fish and wildlife (F&W) budget, acknowledging the agency has gone “way over” this year on spending. The budget this fiscal year according to BPA’s Integrated Program Review was planned at $239 million, rising to $257 million in 2014-2015, she pointed out. The agency now projects actual 2012-2013 expense spending could be as high as $256 million, a $30 million jump over what was spent in 2011, Bodi said.

The budget for BPA’s direct F&W program spending has gone up about $100 million annually since 2008, she said. A number of things have driven the increase, including BPA’s wildlife settlements, the Columbia River Accords, and the desire to improve habitat in the basin, Bodi explained. While F&W costs are going up, BPA’s overall financial situation is being negatively affected by a lack of secondary revenues, she said.

Bodi offered a breakdown of BPA’s expenditures for F&W, noting that 41 percent are for BiOp related projects, 36 percent are Accord and non-Accord projects, 17 percent are general expenses, and 6 percent are for BPA overhead. We knew spending was going up but we didn’t realize it was going up so fast, she stated. Bodi apologized for the overspending before delving into the reasons for it.

A big factor in the increase is the flexibility we allow project managers, she said. Traditionally, BPA under runs its F&W budget, so it “over contracts,” Bodi said. BPA’s F&W contracts tend to be multiyear and the agency doesn’t time expenditures and doesn’t know when spending is going to occur, she explained. We have not made that a requirement of the contract, Bodi acknowledged. “We’ve caused our own problems” by allowing unspent funds to be carried over and allowing money to be shifted back and forth among projects, she said. Late invoicing is another problem, and we haven’t been tough about that, Bodi stated.

She went on to say that historical spending patterns have shifted significantly in a single year. All parts of the agency’s F&W program are contributing to the upward trend in expense spending, Bodi said. The problem is broad and we are looking for broad solutions, she stated.

Bodi said BPA saw the spending going up in November and realized people were using more of their contracted budgets. She said the program has been allowed to add $13 million to cover 2011-12 spending up to $246 million. No other part of BPA has received a budget increase, Bodi stated. Our tools to address the situation are limited; we have no option to go over budget again, she stated.

BPA looked across its F&W program to find ways to shave spending and is talking to its Accord and non-Accord partners to identify savings, Bodi said. She added that none of the conversations have wrapped up but “some are going very well.” Bodi said BPA has cut its internal travel and training budget.

BPA is asking F&W project managers to change the priority for projects that can withstand a deferral, and BPA is taking a look at projects “that have a weak link to the FCRPS,” she said.

Bodi also outlined potential longer-term budget management tools, including more rigorous contract and project management approaches and timing of land acquisitions. Creating contingency reserves is another possibility, she stated. The Council’s categorical reviews also offer an opportunity for improved management, as does a greater emphasis on results and not just spending, Bodi said.

Karier said for years, BPA has had a non-standard budgeting approach. BPA has given insufficient attention to achieving outcomes and has paid more attention “to pushing money out the door,” he said. Karier pointed to BPA’s inability to identify how much it was spending on Research, Monitoring and Evaluation (RME) as an example of the lack of budget oversight. There’s a history of these problems, he said. I’m encouraged you are aware of these issues; we have to figure out how to get through this, Karier stated.

Lorenzen asked why BPA had reduced its original FY 2012-2013 F&W budget. Bodi said it was done to reflect historic under spending in the budget. She acknowledged BPA had not rolled up the project totals, but had reduced the budget 5 percent. “There wasn’t granularity,” Bodi stated.

When you come up with spending numbers, do you get agreement on them from people who are doing the spending? Lorenzen asked. “They may participate in the IPR but is there a commitment to live within the means?” he asked. Lorenzen said it would be helpful to know where the overspending happened in order to fairly allocate “the pain” of cutbacks.

We have been aware of this issue for a while, Bill Booth stated, adding that the Council is prepared to work with BPA to move funding to the out years. If you push everything out to 2014, how confident are you that there won’t be a problem at that time? he asked. Is the 2014 budget adequate to cover “the bow-wave of spending” that would move forward? Booth inquired.

The budget for 2014 is $254 million and for 2015, it is $260 million, Bodi responded. The deferrals don’t double-up the obligation, she stated. I’m reasonably confident we can solve the problem, Bodi said.

BPA stated the Accords would not come at the expense of other F&W projects, Bradbury said. The general principle of putting money into separate bins – one for the Accords and one for other projects – “was not to rob Peter to pay Paul,” he stated. The Accords came with the assurance BPA had the money to cover them, but that isn’t what happened, Bradbury said. You have failed in that effort, he added. There is targeting for cutbacks going on that I don’t’ feel we are responsible for, Bradbury stated.

We are taking a broad approach to resolving this and talking to Accord as well as non-Accord parties, Bodi replied. We are looking for opportunities that fall under several categories – “there is no one party that is at fault and there is no party that is not at fault,” she said.

In conversations with the Oregon Department of Fish and Wildlife, you are saying they have to cut 15 percent, Bradbury continued. I see that as treating different parties in different ways, he stated. How much are you getting from the Accord parties compared to what you are getting from ODFW? he asked.

Bodi said a 10 percent reduction would come from the Accords. She pointed out that BPA is operating within the Accords with the Accord parties. It is true that the Accords and wildlife settlement agreements put “sideboards” on what BPA can do, Bodi said. But that doesn’t mean we aren’t having the conversations, she said. The savings will come from everyone, Bodi said.

Rockefeller said the Council wants to be reasonably confident the problem won’t repeat itself. But that means the trajectory of spending practices and controls will have to change, he said. I will be interested to see what the measures will be to maintain more adequate controls in future years, he said.

1. Agency and Tribal comments on Bonneville’s fish and wildlife budget and project management practices:

Dave Johnson, Nez Perce Tribe; Dan Rawding, Washington Department of Fish and Wildlife; Tom Rien, Oregon Department of Fish and Wildlife; Randy Fisher, Pacific States Marine Fisheries Commission; Mike Carrier, U.S. Fish and Wildlife Service; Paul Kline, Idaho Department of Fish and Game; and Sue Ireland, Kootenai Tribe of Idaho.

Randy Fischer of the Pacific States Marine Fisheries Commission (PSMFC) said his organization, which receives $15.1 million annually from BPA, represents one of the “larger of the opportunities” to reduce BPA’s F&W portfolio. He went on to describe how the PSMFC budget breaks down, noting that 70 percent is personnel, and said PSMFC has been asked to cut 15 percent from its spending between now and September 30, 2013. Fisher said “there is no fat” and the options are limited, but PSMFC has identified cuts of 10 percent.

Mike Carrier of the USFWS said his agency operates the Lower Snake River Compensation Program. USFWS has not been over budget, has not overspent, and already has reduced budgets, he said. Carrier said it is important to manage the situation as “a temporary funding problem” that requires temporary measures and maintains BPA’s ability to cover its F&W responsibilities. He said cuts should not disable long-term research projects, and BPA partners should be given discretion about where they will achieve savings.

Paul Kline of the Idaho Department of Fish and Game said his department has both Accord and non-Accord projects. The department made a conscious decision to leave some projects out of the Accord with BPA, he said. Idaho has reached a spending agreement with BPA on some projects, Kline said, adding that cuts will slow improvements in habitat, as well as other projects, including smolt monitoring. He asked the Council “to stay the course” and stay committed to its F&W process and recommendations. When the revenue shortfall is behind us, we urge the Council to return to its contract levels of spending, Kline stated.

Guy Norman of the Washington Department of Fish and Wildlife described how his agency approached the budget cuts. We heard from BPA that the need for reductions is temporary and projects will be restored to full funding in 2014, he said. WDFW scrubbed its budget and proposed reductions of $1.49 million in spending, Norman said, adding the amount does not include efforts to “shape” spending for Accord projects. WDFW is concerned that RME reductions could compromise commitments made to the BiOp measures and what the cuts mean for the future of Council processes like the tagging forum, he said.

Tom Rein of ODFW pointed out that the Columbia Basin Fish Accords were not supposed to affect other F&W spending. But it appears that is not the case, he said. BPA seems to be identifying permanent reductions to RME spending, Rein said, adding that BPA’s recommendations are contrary to the Council process.

Implementing the cuts calls into question the value of the Council, the agency, and staff time spent to prioritize projects, he stated. Rein said ODFW is committed to working toward a solution and has been asked to find savings of 15 percent. We have gone through an internal exercise to identify efficiencies and savings, he said, detailing cuts the department feels it can make. We haven’t given BPA a firm number but will schedule more talks to help resolve this soon, Rein stated.

Sue Ireland of the Kootenai Tribe of Idaho said the tribe is addressing the BPA request to cut spending by 10 to 15 percent. We will look at the potential to defer work and work closely with BPA and the Council through the spending cuts process, she said.

Dave Johnson of the Nez Perce Tribe said the tribe believes the cuts proposed by BPA will have an impact on how the BiOp is carried out. Commitments have been made on F&W projects, and the tribe has followed the process, he stated. We have not acted outside of our agreements, and our projects have been approved by the Council many times, Johnson said. Our contracts say that BPA doesn’t have to spend more than what is contracted for and we have always been within budget, he added. The reductions BPA has asked for aren’t possible, Johnson said, adding that the tribe has already spent and committed funds.

A point the tribe made in a letter to the BPA Administrator is that those responsible for the overspending should pull back, he said. We don’t know who is responsible, but we would like to see if it has been Accord parties, Johnson added. He said the tribe should be in charge of any cuts to be made and reshaping future spending for itself. We are trying to do work this Council has approved, Johnson stated.

Bruce Measure said he had heard that StreamNet project dollars have been deployed for monitoring coastal coho and fish in Puget Sound. If BPA is seeking across the board cuts, what measures are being taken to preserve programs that are compliant with the intent of the Council’s program? he asked.

Fisher responded that BPA wants to reshape the StreamNet data to its own projects. We want to have more discussions with the agency about how it proposes to do the reshaping, he said.

Booth said Idaho and the Council are pitching in to help in the short term. But the Council has a couple of initiatives under way, including the tagging forum, and will be listening to input from the affected parties, he added. I want to clarify we will be helpful in the short- term emergency, but we will take input and make recommendations on the long-term, Booth said.

1. Utility and Customer comments on Bonneville’s fish and wildlife budget and project management practices:

Bo Downen, Public Power Council, and other representatives of the utilities and Bonneville customer groups to be determined.

Bo Downen of the Public Power Council said customers, who fund the entirety of BPA’s quarter-billion-dollar per year F&W program, “take a keen interest in any budget crisis.” BPA’s F&W program has gone from $140 million to $250 million in six years, he pointed out. That’s “a dramatic increase,” and we are looking at another $30 million per year on top of what is already being spent, Downen said. We’d ask the Council to take a hard look at the F&W spending and “get your arms around the rapid increases,” he stated.

Terry Flores of Northwest RiverPartners said her group supported the Accords, which added $100 million per year to BPA’s F&W budget. It wasn’t an easy decision to support the spending, but we think the proposed habitat projects will be good for fish, and “we also liked the changed dynamic in the courtroom” from the Accords, she said. We are concerned about the trajectory of BPA’s F&W spending – “we see a lot of commitments on the table and we don’t see a lot coming off,” Flores said.

Dan James of PNGC Power said ratepayers have a long-standing desire “to see projects on the ground” to help fish; that’s why his organization supported the Accords. In summer 2011, we worked with the Council to identify savings from research projects that could be put toward direct actions, he said. BPA shouldn’t be funding projects that have no direct nexus to the FCRPS, and the agency must stay within budget and honor the agreements it made on F&W, James stated.

Bradbury said he appreciated the customers’ attitude. You obviously have a frustration with the situation, but you recognize it should be dealt with, he said.

1. Update on mid-term assessment:

Charlie Black, director, power division.

The Council is getting “good feedback” on the situation scans it released in preparation for a mid-term assessment of the Sixth Power Plan, according to staffer Charlie Black. Rather than draw a lot of conclusions when we wrote the scans, we wanted people to comment on whether “we are focusing on the right picture,” he said. Staff is having conversations with utilities, BPA, the Northwest Energy Coalition, and others who are interested in the power plan, Black told the Council. One group of customers suggested pulling together utility resource planners to participate in the assessment, he added.

In addition to updating forecasts, Black said the intention is to tie resource adequacy more closely to the Council’s power plan. Staff is planning to get a draft assessment out in November and finalize it in December, he reported.

I get a sense in the region that this is likely more a preparation for the Seventh Power Plan than a Sixth Plan assessment, Karier commented. “Going in, we had an open mind on that,” Black said. I am getting feedback this will serve as scoping for the Seventh Power Plan, and I hear support for changes in the context of the Seventh Plan, he added.

1. Report on conservation achievements:

Tom Eckman, conservation resources manager; and Gillian Charles, energy policy analyst.

The results of the Council’s annual conservation savings and expenditures survey show the region again exceeded the target in the Council’s Sixth Power Plan, staffer Gillian Charles reported. In 2011, the region achieved 277 MW of savings, beating the 220 MW target by 26 percent, she said.

Every year, the Regional Technical Forum (RTF) conducts a survey to find out what utilities, the Northwest Energy Efficiency Alliance, BPA, and the Energy Trust of Oregon have booked for savings, Charles explained. This year, at PNUCC’s request, we also asked for projected savings and expenditures for 2012 to 2014 to see how they stack up against the Sixth plan’s targets, she said.

While response to the 2011 RTF survey represents 100 percent of regional load, utilities were reluctant to project savings and expenditures into the future until they have firm budgets, Charles noted. The further out into the future, the fewer utilities responded with a projection, she said. By 2014, only about 70 percent of the region’s load is represented so “the projections don’t tell the whole story,” she stated.

The region’s efficiency achievements have exceeded power plan targets every year since 2005, the longest sustained period of acquisitions in 30 years, according to staffer Tom Eckman. A period of sustained funding has allowed companies to leverage efficiency efforts into multiple years, he explained. Early on, the region’s programs were primarily residential, but there has been growth in recent years in commercial and industrial savings, Eckman said.

In 2011, the region invested a total of $480 million (2011 dollars) in energy efficiency, he continued. While the average cost of efficiency is increasing, it remains low, Eckman stated. The per-megawatt-hour cost of conservation has been growing since 2007 when it was just over $10, he acknowledged. The 2011 cost was just over $18 per MWh, Eckman stated. Compact fluorescent light bulbs contributed significantly to savings five years ago, but we are moving away from those already-captured savings and “going deeper into buildings,” he explained.

Because fewer utilities reported projected savings and expenditures, it is difficult to predict whether the region will meet the Sixth Power Plan’s overall 1,200 MW target, Eckman said. It can be met if savings through 2014 are 225 aMW per year, he said. We will make it with those numbers because we “overachieved” in the first two years of the plan, Eckman pointed out.

Stepping through the projections for 2012, 2013, and 2014, he acknowledged that “it’s more dicey” in 2014 because we have less information about what people will be doing and more uncertainty about budgets. “It will be close,” Eckman said, but overall, “it looks doable.” We are working with PNUCC to follow up with utilities and get more information about their future projections, he said.

Bill Booth pointed out future achievements will be affected by lack of funds. The stimulus funds – American Recovery and Reinvestment Act – are drying up, and some large efficiency projects were covered with those dollars, he said. Will that have an impact? Booth asked.

There are challenges ahead and that is one of them, Eckman responded. The loss of ARRA funding and changes in tax credits and incentives present “a headwind” for achieving savings, he said. In addition, BPA overspent its FY 2011 budget by 33 percent so spending in 2013 and 2014 will be leaner, he said.

Among the “minor skirmishes” ahead, Eckman pointed out that the larger public utilities in Washington want more independence from BPA’s conservation program. They question why they should “wash” their efficiency dollars through BPA since they have their own programs and could spend their money directly, he explained. BPA said it would review these requests and is planning “to huddle with the utilities” next year to figure it out, Eckman said, adding that this is another headwind the region will have to deal with.

Karier said some utilities have lost significant load due to the recession and have a harder time making energy efficiency investments when their load has shrunk. Lorenzen said electricity sales contribute to fixed costs, which poses a disincentive for utilities to promote conservation.

Efficiency has been a good investment for utilities when compared to the market price of electricity, Eckman said. Wholesale prices are volatile, dropping to below $10 per MWh and spiking to $100 per MWh since 1996, he noted. At the same time, the levelized cost of efficiency acquisitions has moved between $10 and $30 per MWh, Eckman reported. When compared to the cost of a combined-cycle combustion turbine, the historical cost of efficiency still looks good even with gas prices low, he said.

I agree that efficiency is the cheapest energy and capacity we can buy, but there are other reasons to build generating plants, Yost said. I agree, Eckman stated. This is a stand-alone analysis, he said, adding that the picture is about the same with a single-cycle combustion turbine. Eckman dug deeper into the cost comparison, showing supply curves that indicate there are thousands of aMW of achievable efficiency potential in the region at less than $40 per MWh.

The region’s investment in conservation per person is slightly more than double the national average, he continued. And the share of retail electricity revenue invested in efficiency is about 3.63 percent here, compared with 1.48 percent nationally, Eckman said. Efficiency has met over 50 percent of the region’s load growth since 1980, and last year, it was 70 or 80 percent, he said.

In 2011, the region broke the 5,000 aMW mark for total energy savings since 1978, Eckman went on. That’s almost enough electricity to serve all of Oregon, and it saved consumers nearly $3.1 billion in 2011 and lowered the region’s carbon emissions, he stated. Efficiency is now the region’s third largest resource behind hydro and coal, Eckman reported.

Efficiency is the cheapest resource, and this analysis bears it out, Karier stated. The challenges going forward are significant and serious, and we have to figure out how to overcome them, he said. “We did this right in the Sixth Power Plan,” and we need to go full speed ahead in the future, Karier added.

Customers should get the kudos for conservation since “they reach into their wallets to pay for it,” Yost said. Customers are paying for this, and some of them implement measures and get their money back, but others just pay and don’t get the savings in their bill, he added. Customers may be paying for both conservation and other resources, and you have to look at it in the context of other resources, Yost stated.

A former Council member said the purpose of conservation “is to stretch the river,” and we are doing that, Eckman said.

1. Summary report from the August 9, 2012 Predation Workshop:

Patty O’Toole, program implementation manager; Jim Ruff, manager, mainstem passage and river operations; and Peter Paquet, manager, wildlife and resident fish.

Staffer Patty O’Toole provided highlights of the predation workshop August 9, which was the latest of the Council’s policy-science exchanges. About 70 people participated, and all of the presentations and a meeting summary are posted on the Council’s website, she said.

O’Toole recapped the opening presentation by Robert Naiman, who identified and explained critical issues for the Columbia River ecosystem. A presentation by Matt Mesa addressed predation dynamics, she said, adding that Mesa pointed out the lack of predation research and monitoring going on in the basin.

Other presentations included descriptions of the “trophic cascade” in Flathead Lake when Mysis shrimp were introduced to boost the kokanee population; non-native walleye and small and largemouth bass in Lake Roosevelt; the proliferation of Northern pike in Lake Pend Oreille; and BPA’s Northern pike minnow management program.

Staffer Peter Paquette gave highlights of several presentations on avian predation. Presenters described the status of efforts to address Caspian terns and cormorant predation on salmon in the Columbia River and to manage white pelican predation on the ESA-listed run of Yellowstone cutthroat trout in Idaho.

Staffer Jim Ruff summarized presentations on predation in the Columbia River by California and Stellar sea lions, including one that addressed sea lions as prey and predator. Presenters described the situation with California and Stellar sea lions in the Columbia River and efforts to manage the predation.

Karier asked if data collection on the pinniped predation has gotten better. Ruff explained that it is difficult to get counts overnight and when predation occurs under water. The Corps of Engineers expands the counts it takes at other times to cover those hours and the unseen predation, he said. Karier cautioned staff to be careful about reporting the Corps of Engineers’ numbers so the Council does not appear to be endorsing them.

Ruff listed alternatives for next steps the Council could take on predation: prepare an inventory of predation problems and actions throughout the Columbia River Basin; Develop a common metric for fish, bird, and pinniped predation; investigate indirect and food web effects of predation; and convene follow-up sessions with regional parties to develop the next steps.

Karier said he strongly endorses developing a common metric. Rockefeller said there are “acute problems in the basin” that are of importance to the tribes and fishers. These may not be as big as the predation problem in the estuary, but they are acute in local areas, he said. Rockefeller also said indirect effects, such as food web issues, may be the most wide spread and pervasive.

“We have a mess at the policy level” on predation, so we are stuck treating the symptoms, Booth said. There are policy issues that won’t be resolved, he added. Booth said he agreed on working with tribal partners to develop a common metric for predation. There is a lot of interest in doing something about the ESA-protected Stellar sea lions, he added. I would like to see the Council take positive action and work with the Columbia River Inter-tribal Fish Commission and the states on those two issues, Booth said.

1. Council Business
* Approval of minutes

Yost made a motion that the Council approve for the signature of the Vice-Chair the minutes of the August 7-8, 2012 Council meeting held in Spokane, Washington. Booth seconded the motion, which passed unanimously.

* ISRP appointment

Staffer Eric Merrill said staff recommends appointing Robert Naiman to the Independent Scientific Review Panel. Yost made a motion that the Council approves the appointment of Robert Naiman to the Independent Scientific Review Panel, as presented by staff. Rockefeller seconded the motion, which passed unanimously.

* ISAB review of Fish and Wildlife Program

Merrill reported that the Independent Scientific Advisory Board will be reviewing the Council’s F&W program. He asked for feedback to refine the scope of the review. We need to make clear the role of the recommendations from the ISAB and ISRP in the Council’s program, Merrill stated. If there is feedback on how to scope the review, we would like to know, he said.

* Council decision to adopt the Report to Governors for Fish and Wildlife Expenditures for 2011

Yost made a motion that the Council adopts the Report to the Northwest Governors on Fiscal Year 2011 Fish and Wildlife Expenditures as presented by staff. Karier seconded the motion. Lorenzen called for the question, and the motion passed unanimously.

* Report on public comments and posting of High Level Indicators to Council website

Staffer Tony Grover reported that the Council received a lot of comments on the draft High-Level Indicators (HLIs), and staff is incorporating them. Revised HLIs will be posted on the Council’s website, he said.

* Council decision to release Draft Annual Report to Congress for public comment

Yost made a motion that the Council approve release of the draft Annual Report to Congress for a 90-day public comment period, as presented by staff. Karier seconded the motion, which passed unanimously.

* Proposed agreement to defer review of Section 6c Policy

Staffer John Shurts briefed the Council on a recent proposal from BPA to postpone a review and update of its policy on acquiring major resources as directed in Section 6(c) of the Northwest Power Act. BPA has assured the Council it will work with us to review the policy in the future, he said. Shurts said the Council chair plans to send a letter to BPA agreeing with the postponement. There were no objections from Council members, and Rockefeller thanked Shurts for bringing the issue to the Council’s attention.

The meeting adjourned at 11:32 a.m.

Approved October 9, 2012

/s/Bill Bradbury

Vice-Chair

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