

Bill Bradbury
Chair
Oregon

Henry Lorenzen
Oregon

W. Bill Booth
Idaho

James A. Yost
Idaho



Jennifer Anders
Vice Chair
Montana

Pat Smith
Montana

Tom Karier
Washington

Phil Rockefeller
Washington

Council Meeting via Webinar

December 10-11, 2013

Minutes

Council Chair Bill Bradbury called the meeting to order at 1:35 pm on December 10th and adjourned it at 3:50 pm on December 10th. All members were present, except Henry Lorenzen.

Jennifer Anders moved that the Council add to the agenda of the meeting a discussion and decision on whether to request that the Independent Scientific Advisory Board (ISAB) review the “spill experiment proposal” recommended to the Council in the F&W program amendment process; find that Council business requires this discussion; and find that no earlier notice was possible. Phil Rockefeller seconded, and the motion passed on a roll-call vote.

Anders moved that the Council meet in Executive Session to discuss internal personnel matters and matters related to participation in civil litigation. Rockefeller seconded, and the motion passed on a roll-call vote.

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

Phil Rockefeller, chair, fish and wildlife committee; Jim Yost, chair, power committee; and Henry Lorenzen, chair, public affairs committee.

Jim Yost reported the Power Committee had a follow-up discussion about a question raised at the Boise meeting about weather and energy efficiency impacts on loads. The presentation we had pointed out that regardless of temperature impacts, energy efficiency is something we should attempt to attain, he said.

Yost said the committee also reviewed a draft RFP for redevelopment of the Regional Portfolio Model and a draft schedule for the Seventh Power Plan, as well as a list of issues the plan will cover. We also received an update on the Resource Strategies Advisory Committee, he noted.

“It’s pretty impressive that so many folks in notable positions want to participate on a Council advisory committee,” Yost said. That committee will be ready to go shortly, he added.

The Power Committee discussed staff participation in a variety of organizations and talked about submitting study requests to WECC for the 2014 transmission case, Yost stated. We have also asked staff to prepare a further report on the effects of the record low temperatures that have occurred this month, he noted.

Rockefeller reported that the Fish and Wildlife (F&W) Committee received a report on the work being done as part of the Kootenai River Operational Loss Assessment project. Some of the work could serve as a model for other projects in the basin, he said, adding that the committee approved the project and that it will come before the Council in January.

The committee then discussed the treatment of operational loss assessments in the upcoming F&W amendment process, Rockefeller said. We tackled that as our first programmatic issue of the amendment process, he added. We agreed that the Wildlife Advisory Committee could provide us useful advice on this issue, Rockefeller said.

Staff briefed us on the comments received on F&W amendments during the cross-comment period, he continued. We also had a briefing on climate change recommendations received, Rockefeller said. There are many different ideas and suggestions, and this area will require a lot of thought and work, he noted.

The committee discussed the format and structure of the F&W program and agreed that an effort be made to make the program more accessible and transparent, Rockefeller reported. Vice-chair Anders has offered to work with staff to prepare some alternative new structures we can evaluate, he said.

We also talked about Oregon’s spill experiment proposal and how the Council can inform itself on the impacts of that proposal, Rockefeller said. The committee voted 3-1 to recommend the Council refer the proposal to the ISAB for review, he stated. Staff would aggregate the questions Council members have and send them to the ISAB, with a request that the ISAB report back by the latter part of February so we can decide what steps the Council should take, Rockefeller said. The committee also discussed the concept of “strongholds” in the F&W program and instructed staff to develop some options for us to look at, he added.

Public comment on Fish and Wildlife Program amendment recommendations

Fred Heutte of the Northwest Energy Coalition described the Coalition’s mission and activities and said he was there to support the Oregon recommendation to implement an increased spill experiment. We also support the ISAB’s review of the proposal, Heutte stated. A well-structured proposal like this can provide benefits for fish and the region, he added.

Gilly Lyons of Save Our Wild Salmon said her group also supports the experimental spill program proposed by Oregon. Our support is based on 20 years of data and evidence showing that spill helps salmon and that expanded spill can help adult returns, she stated. If there is an ISAB review, we urge that it be done as quickly as possible, Lyons added.

Charles Pace, an economist, who said he is speaking for himself, suggested there are several documents the Council should consider during its evaluation of climate change and mainstem proposals. He listed three ISAB documents: one from 2005 dealing with load-following's effects on salmon; one from 2007 on viability criteria for salmonid ESUs; and one from 2008 on fish survival changes. Pace also recommended a 2007 report by the Interior Columbia Technical Recovery Team dealing with fish survival changes.

Megan Hooker of American Whitewater said her organization recommends that the Council strengthen its Protected Areas program. Protected Areas provide benefits for fish and wildlife and help mitigate climate change effects, she stated. If the Council amends its Protected Area designations, which we support it doing, we recommend that the habitat opened up as a result of dam removals be considered for inclusion in the Protected Areas program, Hooker added.

1. Renewable Portfolio Standard in Washington:

Gillian Charles, energy policy analyst; and Howard Schwartz, Washington Council staff, presenters.

Staffers Gillian Charles and Howard Schwartz gave a presentation on Washington's Renewable Portfolio Standard (RPS), noting that there is a great deal of uncertainty about how much more renewable energy will be required by the RPS, as well as what kind of resources utilities will use to meet their compliance obligations.

Initiative 937 established Washington's RPS in 2006, and it covers 17 utilities that together make up about 84 percent of the state's load, Charles said. Qualifying utilities must use eligible renewable resources or acquire Renewable Energy Credits (RECs) to meet an annual target of 15 percent of load by 2020, with an interim target of 9 percent in 2016, she explained.

Schwartz, who is leaving the Council staff and received thanks for his work from Council members, noted that new renewable energy development in Washington over the past 10 years has been primarily wind, with one small utility-scale solar photovoltaic project in service. As the Council prepares for the Seventh Power Plan, the question is, "will there be more wind developed in the Northwest?" he said, adding, so far the answer looks to be "not much."

I-937 allows certain "legacy" resources to count toward the RPS, such as efficiency upgrades to existing hydro projects and large biomass resources in operation before 1999, Schwartz pointed out. So estimating the extent of new wind projects in the future depends on what other resources are developed and used, he said.

All 17 utilities in Washington met the 3 percent RPS target in 2012, and a lot of that compliance came from hydro upgrades, as well as wind, Schwartz reported. The question in the coming years is how much more of the compliance will come from incremental hydro, and that information is hard to get, he said.

We know utilities in Washington are on track to meet their 2020 RPS targets, and many utilities are relying on a mix of existing resources and planned purchases of RECs to do so, according to Schwartz. He explained the cost cap, which says utilities are required to spend no more than 4 percent of total annual retail revenue on the incremental cost of obtaining eligible renewable

resources and RECs. How many utilities will hit the cost cap depends on how the incremental cost is calculated, and there is uncertainty about such calculations, Schwartz noted.

There are several approaches for calculating incremental costs, he said, adding that “there’s been pushback from utilities and creativity in how they have looked at these calculations.” Schwartz presented two examples. The first from Puget Sound Energy (PSE) used a natural gas peaker as an alternative resource and came up with an incremental cost of about \$14.44 per megawatt-hour (MWh). The second, from a BPA customer that hasn’t exhausted its Tier 1 allocation, produced an incremental cost of \$58.20/MWh.

This is a huge difference, Schwartz observed. Utilities that can make this latter case will almost certainly hit the cost cap under the law and won’t have to acquire many new resources, he said.

Load growth has been slower than people thought it would be when Washington’s law was enacted so many utilities haven’t used up their Tier 1 allocations, Schwartz pointed out. And we don’t know how the Washington State Auditor will apply the rules regarding incremental costs, he said.

If all utilities were to use PSE’s incremental cost methodology, as much as 421 aMW of new renewables might be needed to meet the 2020 targets, Schwartz continued. But if one assumes all BPA customers will have headroom in their Tier 1 allocations and will use the alternate incremental cost methodology, as in the second example, only about 48 aMW of new renewables would be needed for 2020, he said.

Based on this analysis, Washington utilities would need between 48 and 421 aMW of new renewables between now and 2020, Schwartz stated. If those are wind resources, it translates to a range of about 150 MW to 1,500 MW of capacity, and that’s a big range, he said.

Utilities can sell incremental hydro and RECs to other utilities, and we need to understand better which utilities have sold their surplus, Schwartz stated. For the Seventh Power Plan, there will have to be a post-2020 analysis that models load growth and banked RECs for all the utilities in Washington, he concluded.

2. Council Business:

– Approval of minutes

Anders moved that the Council approve the minutes of the November 5-6, 2013 Council meeting held in Boise, Idaho. Tom Karier seconded, and the motion passed.

– Approval of ISRP and ISAB appointments

Staffer Erik Merrill described the Independent Scientific Review Panel (ISRP) and ISAB appointments process and asked the Council to approve two new ISRP members and renew the appointment of another current ISRP member. He also asked that the Council advise Chair Bradbury, in his capacity as the Council’s representative on the ISAB’s Administrative Oversight Panel, to support the appointment of Alec Maule and Steve Schroder to the ISAB.

Anders moved that the Council approve the appointment of Kurt Fausch and Alec Maule to the ISRP; renew the membership of Dennis Scarnecchia to the ISRP; and advise Chair Bradbury to

initiate the ISRP and ISAB appointments process for 2015 membership decisions. Rockefeller seconded, and the motion passed.

– **ISAB Review of Spill Experiment**

Anders moved that the Council request that the ISAB review in an expedited fashion the “spill experiment proposal” recommended to the Council in the Fish and Wildlife Program amendment process, an ISAB referral recommended by the F&W Committee. Rockefeller seconded.

It will be important to get a full range of questions the Council wants the ISAB to answer, he said. Rockefeller suggested a draft letter to the ISAB with a set of questions be circulated to Council members for their review.

What is the hypothesis of this proposal? Karier asked. The proposal has as its hypothesis that if spill is allowed up to 125 percent total dissolved gas (TDG) at eight dams, that will dramatically increase adult returns of fish, replied staffer Tony Grover.

How would we measure the increase? Karier asked. We hope the ISAB will help us with that, replied Grover.

What is the rush to get this done? Karier asked. We hope to get it before the ISAB in a timely fashion so we can get answers to some basic questions before the Council considers it, replied Bradbury. The intent is for the ISAB to respond by mid-February, Grover said. But, he added, NOAA Fisheries is telling us that other spill experiments could be considered, but the agency can't tell us more until its new Biological Opinion (BiOp) comes out on January 20.

I come to this with an open mind, said Karier. But this is a big experiment, promising a doubling of adult return rates, and there is also a big biological risk associated with it, he stated. This needs to be approached deliberatively, with a lot of engagement from people in the region, Karier said.

I don't understand the rush to send this to the ISAB, he stated. I won't object if Oregon wants the ISAB to do this, but I think you are making a mistake by moving too quickly and not bringing the region into this more, Karier said. In the end, the ISAB will send it back and say it is incomplete in some areas, and I'd prefer that the ISAB had a more complete proposal to look at, as well as some alternatives, he stated. I will abstain from the vote, Karier added.

The Comparative Survival Studies (CSS) raised significant questions, and Oregon said we need answers to them, and that's the goal of this proposal, stated Bradbury. Let's try and find out if there are benefits from this -- there may not be, but we want to take a look at it, and that is why it is in front of us, he said.

When you change the entire ecosystem, you have to worry about effects on the food web and on all the other species in the system, Karier said. I will make sure one of the questions the Council asks the ISAB deals with effects, not just on fish, but the entire ecosystem, Grover responded. I suspect when NOAA Fisheries releases the BiOp, the Council may say “we need to pause and refresh” our recommendation to the ISAB, but this motion before the Council gets the process started, he added.

I was surprised you want to send this to the ISAB now -- it would be prudent to wait until the BiOp comes out, Yost stated. This is a controversial issue, Booth said. Idaho made a commitment in its Accord agreement to support the BiOp until 2018 so I am obligated to vote no on this, he added.

The Council's program encourages experiments, and this falls into that category, said Anders. There's no harm in sending it to the ISAB, especially if Oregon wants to, she stated. In the spirit of adaptive management, let's see what the ISAB has to tell us, Anders added.

We know regional entities and individuals are divided over this, and I think it would be useful to have the benefit of a science review to determine the adequacy of the proposal or the lack thereof, Rockefeller said. The clock is ticking on our work, and it would be useful to get the ISAB turnaround as quickly as possible, he stated. If alternatives to this proposal appear, we'll be guided by what we see, Rockefeller said.

We don't usually give the ISAB a deadline, Karier stated. Staffer Erik Merrill said he talked with the ISAB's executive committee, and they said they have reviewed the CSS documents, so if the ISAB can keep the review narrow, they can probably finish it by mid-February, he added.

If you send this to the ISAB, you will get, as Tom has said, a response that says "here's a big list of things that need better definition," stated Booth. We won't get a thumbs up or thumbs down on it by February, he said.

The motion to request ISAB review of the proposal passed 4-2 on a roll-call vote. Bradbury, Rockefeller, Anders, and Pat Smith voted yes. Booth and Yost voted no, and Karier abstained.

Public comment on any issue before the Council

B.J. Kieffer of the Spokane Tribe asked if the Council is adopting the amendment on the spill program before seeking more public comment. I expect all the amendment recommendations would go through the same process, he said.

The action we just took has to do with our desire to get additional information on this particular recommendation, said Bradbury. There may be other proposals for which we will make similar information requests, he added.

Approved January ____, 2014.

Vice-Chair