

Bruce A. Measure  
Chair  
Montana

Rhonda Whiting  
Montana

W. Bill Booth  
Idaho

James A. Yost  
Idaho



Dick Wallace  
Vice-Chair  
Washington

Tom Karier  
Washington

Melinda S. Eden  
Oregon

Joan M. Duker  
Oregon

## **Council Meeting Spokane Washington**

**August 18-19, 2010**

### **Minutes**

Council Chair Bruce Measure called the meeting to order at 1:40 p.m. on August 18<sup>th</sup> and adjourned it at 10:20 a.m. on August 19<sup>th</sup>. All members were present.

#### **Reports from Fish and Wildlife, Power and Public Affairs committee chair: Bill Booth chair, fish and wildlife committee; Tom Karier, chair, power committee; and Rhonda Whiting, chair, public affairs committee.**

Bill Booth reported that the Fish and Wildlife (F&W) Committee received a briefing on the categorical review, the Anadromous Salmonid Monitoring Strategy document, and Phase 2 of the Monitoring, Evaluation, Research and Reporting (MERR) process. We also talked about the subbasin management plan updates and multi-year action plans, he said. With all the projects under way in the region, there is concern about a fragmented approach, and the committee asked staff to provide a timeline on where all this is heading, Booth noted. We also had an update on the Wildlife Crediting Forum and discussed several F&W project reviews, he added.

Tom Karier reported that the Power Committee discussed six items, all related to implementing the Sixth Power Plan. We had a briefing on the River Management Joint Operating Committee climate change analyses and a report on a Wind Integration Forum conference that looked at experiences with wind generation in countries like Germany and Denmark, he said. The committee received a report on BPA's post-2011 conservation strategy, Karier pointed out. We approved a recommendation for the Council to contribute to a pilot project on wind integration, he said. We also had updates on new federal efficiency standards for major appliances and on a California Senate bill that would codify a 33 percent renewable portfolio standard, Karier added.

Rhonda Whiting reported the Public Affairs Committee has been working on plans for the Congressional staff trip, scheduled for the following week. She described the proposed schedule for the visit, which is aimed at educating Congressional staff about Northwest issues and the Council's work.

Measure thanked Brian Lipscomb, who is leaving his job at the Columbia Basin Fish and Wildlife Authority, for his hard work over the years. Measure also announced that John Bushnell, energy policy analyst for the Montana office, is leaving to take a job with NorthWestern Energy, and Measure thanked him for his service with the Council.

## **1. Council decision on project reviews:**

Mark Fritsch, manager, project implementation.

### **– Quarterly Review of Within-year Project Funding Adjustments for Implementation**

Staffer Mark Fritsch presented three within-year project funding requests. The first, he said, involves a request from the Bureau of Reclamation for \$124,000 in expense funds to design and update Yakima fish screens. The F&W Committee supports this request, Fritsch noted.

The second and third projects are large wildlife property acquisitions in the Willamette Valley, he stated. One project, the Willamette Basin Mitigation project, is a request from the Oregon Dept. of Fish and Wildlife (ODFW) for \$4,750,000 in capital funds for the acquisition of a conservation easement on 1,310 acres of land outside the town of Lafayette, Fritsch said. The request also includes a pre-schedule of \$3 million in BPA's FY 2011 capital funds and \$2 million in BPA's FY 2010 capital budget to contribute to the easement's total cost of \$9,750,000, he noted. The Willamette Subbasin currently has the largest existing mitigation debt for wildlife in the Columbia Basin, Fritsch said. Staff recommends the Council approve this acquisition, he said, adding that the staff recommendation is conditioned on BPA and ODFW reaching agreement on overall Willamette wildlife mitigation obligations.

The other Willamette project, according to Fritsch, is a request from The Nature Conservancy for \$11,065,105 in capital funds to acquire a 1,271-acre parcel near Springfield. This project has Biological Opinion (BiOp) credit associated with it, he said. The request also includes a pre-schedule of \$6,400,000 in BPA's FY 2011 capital funds and \$5,928,265 in BPA's FY 2010 capital budget to contribute to the easement's total cost of \$23,443,370. Fritsch said this staff recommendation also presupposes BPA and ODFW will reach agreement on wildlife mitigation in the Willamette.

Booth said the Fish and Wildlife Committee recommended approval.

Dick Wallace moved that the Council recommend that BPA fund the three within-year project funding requests, as presented by staff and recommended by the F&W Committee. Eden seconded, and the motion passed.

### **– Project #2008-307-00, Deschutes Basin Sockeye**

Fritsch presented funding requests for two Columbia Basin Fish Accord projects. The first is from the Warm Springs Tribes for \$1,666,933 in expense funds for FY 2009 through 2017 to re-establish a sockeye run above the Pelton Round Butte hydro project in the Deschutes Basin. The dam is owned and operated by Portland General Electric and the Warm Springs Tribes, he noted.

Wallace moved that the Council recommend that BPA fund Project 2008-307-00, Deschutes Basin Sockeye, provided the Independent Scientific Review Panel (ISRP) favorably reviews the sample size, noting, as well, that if the reintroduction plan entails artificial production under the

Council's F&W Program, further ISRP review will be required, as presented by staff and recommended by the F&W Committee. Joan Dukes seconded, and the motion passed.

– **Project #2008-524-00, Implement Tribal Pacific Lamprey Restoration Project**

Fritsch presented a request from the Columbia River Inter-Tribal Fish Commission (CRITFC) for \$6,298,848 in expense funds for FY 2008 through 2017 for Pacific lamprey restoration. This is a large and complex project with six major objectives, he said.

Wallace moved that the Council recommend that BPA fund Project 2008-524-00, Implement Tribal Pacific Lamprey Restoration Plan, so that the CRITFC may proceed with the tasks and efforts outlined by the staff, and the ISRP and the Council, as appropriate, may provide additional review, as presented by staff and recommended by the F&W Committee. Booth seconded, and the motion passed.

## **2. Status report on categorical review:**

Lynn Palensky, program planning and development coordinator.

Staffer Lynn Palensky provided a status report on the Research, Monitoring and Evaluation (RM&E) categorical review launched on June 1. The deadline for submittals was July 30, and we received 158 proposals, she said. Ninety-nine of those projects will go to full review, and 59 will go to "contextual review," Palensky stated. The contextual review projects are BiOp or fast-track projects, or new Accord projects, she noted.

The ISRP is now reviewing the projects and will complete its preliminary report on October 13, Palensky said. Staff is setting up a project presentation schedule for September and getting organized for its review of the projects, she added.

## **3. Presentation on fish habitat monitoring in Washington:**

Ken Dzinbal, executive coordinator for the Washington Forum on Monitoring Salmon Recovery and Watershed Health; Marnie Tyler, Washington state Council staff; and Jennifer O'Neal, TetraTech.

Ken Dzinbal, executive coordinator for the Washington Forum on Monitoring Salmon Recovery and Watershed Health, kicked off a presentation on the results of a large-scale F&W monitoring project aimed at evaluating the success of habitat restoration actions. He said the project is funded by Washington State's Salmon Recovery Funding Board (SRFB).

Dzinbal explained the different kinds of monitoring, including implementation monitoring, status and trends monitoring, effectiveness monitoring, and intensively monitored watersheds, and described what the Washington Forum does. The SRFB dedicates \$560,000 a year for project effectiveness monitoring and has contracted with Tetra Tech, Inc. to carry it out, he said.

The SRFB wants monitoring to be an independent evaluation, rather than done by the project sponsors themselves, and for it to be a repeatable, standardized approach, according to Dzinbal. It is also important to have evaluations that ensure accountability for expenditures and that look at the cost-effectiveness of different actions to assure that future restoration dollars are efficiently spent, he said. Another key factor, Dzinbal noted, is getting results from the evaluations that can

be used to improve the design of future projects. The Washington Forum is working with the Pacific Northwest Aquatic Monitoring Partnership (PNAMP), BPA, and the Council to improve monitoring in the region, he said.

Jennifer O'Neal of Tetra Tech said prior to 2003, project sponsors in Washington conducted their own monitoring, and when a survey was conducted to assess the compatibility of the data being collected, there was none. In 2004, Washington State hired Tetra Tech to conduct statewide reach-scale monitoring to try to quantify project performance and effectiveness and produce information that could be used to assist with funding decisions, she explained.

Tetra Tech uses "before and after" controls to look at project impacts, and a sample size of 90 projects so there is no need to monitor every project, O'Neal said. The 90 projects represent 10 percent of the projects per category, and categories include fish passage, riparian plantings, diversion screening, livestock exclusions, and habitat protection, she noted.

We've had significant results in the first five years of our monitoring, O'Neal reported. For fish passage, we've found significant increases in juvenile Coho and positive trends for all species of juvenile fish, she said. For livestock exclusion projects, we've detected significant decreases in bank erosion, and our assessments have found more floodplain reconnection and that diversion screens are working, according to O'Neal.

One of the strongest elements of our program is the use of consistent methods and metrics across the program, she said. They add to statistical power by allowing for data analysis across a large number of projects and contracts, and they help detect statistical significance in a shorter time frame, O'Neal stated. This approach also allows for the assessment of project categories, removing the need to monitor every project, which reduces costs, she pointed out.

This is a different approach than mostly what's been done in the Columbia Basin, observed Karier. You have addressed a lot of the problems the ISRP has called to our attention over the years, he said.

Karier noted that the model is also consistent with the Council's MERR program, and said that this is not just low-cost -- this program is getting results, Karier said.

#### **4. Update by the Nez Perce Tribe on hatchery operations:**

**Dave Johnson and Becky Johnson, Nez Perce Tribe.**

Dave Johnson, manager of the fisheries department for the Nez Perce Tribe, made a presentation on the activities of his department. He noted that the department has 175 employees and 50 contracts, which total \$15 million annually. Johnson described their progress with anadromous and resident fish programs. The Nez Perce Tribe implements more watershed restoration projects than any other entity in the Snake Basin, he said.

We had some program cuts in the last round of the provincial reviews, and that has interrupted some activities in southeastern Washington, Johnson noted. The Tribe released over 8 million fish in 2009, which is one-quarter of the basin's total, he said.

The co-management of the basin's hatchery programs has increased in the past several years, Johnson stated. We are working on harvest management plans, he said, adding that harvest monitoring is a critical aspect of basinwide status monitoring efforts. We are doing intensive monitoring of supplementation programs, Johnson noted. Booth asked what percentage of his budget is devoted to RM&E, and Johnson said about one-third.

Johnson said the Tribe has no Memorandum of Agreement (MOA) and is not part of the Accords. The Tribe put together a set of projects to improve the status of the runs, but the Tribe decided not to sign an MOA, he said. As a result of that, conservation enforcement has not been funded, Johnson added.

Large-scale production efforts have also been left behind, including improvements to the Dworshak hatchery, he stated. Johnson also noted that construction of the Northeast Oregon Hatchery (NEOH), while authorized by the Council in 2006, has not happened, and that is causing unnecessary mortality of Endangered Species Act (ESA)-listed fish. We need a facility, Johnson told the Council. He asked them for their ideas on "how to cut loose funds and get going on construction."

Another unmet need, according to Johnson, is housing at the Tribe's hatchery. We will be coming back to the Council with something on this, but it isn't an easy issue, he said.

Johnson offered several observations about the Council's categorical review solicitation. The Taurus format and process didn't meet the Council's goals of efficiency and effective communication, he said. Johnson also said the scope seemed restricted to BiOp RPAs, making it inconsistent with the Council's F&W program.

Summing up, he said there's a lot more work being done in the region, the fish returns are better, and there are better partnerships and cooperative management.

You are doing good work, and the cooperation is good, even though there have been some differences of opinion, said Booth. We'll deal with the housing issue at an upcoming meeting, he stated.

I share your frustration about the categorical review's focus on the BiOp, said Eden. Our focus is supposed to be broader than the BiOp, she added. I also share your frustration with the NEOH not being built, Eden stated.

Karier asked for more information on the fish kills. Becky Johnson, another representative of the Tribe, said they occurred at the Lookingglass Hatchery, where 750,000 eggs were lost. When we did the NEOH master plan, we thought it would take a heavy load off Lookingglass, but then the NEOH facility wasn't built, she said.

## **5. Presentation from Columbia Colstor, Inc. on its industrial energy efficiency actions:**

**Joel Sandberg, energy manager.**

Joel Sandberg, an engineer at Columbia Colstor, headquartered in Moses Lake, Washington, described his company's energy-efficiency accomplishments. Columbia Colstor is the 10th

largest cold storage company in the United States and 13<sup>th</sup> largest in the world. We have warehouses in six Washington cities and provide leased space for frozen food products, Sandberg told the Council.

Colstor began its energy-efficiency work in 1993 when its Woodland facility participated in a BPA energy-savings plan through Cowlitz PUD, Sandberg noted. Since then, we've spent over \$4 million on energy-efficiency upgrades, achieved annual cost savings of \$800,000, and cumulative cost savings of nearly \$10 million, he reported. We have received over \$2.5 million in utility incentives, Sandberg said. Colstor's current strategy involves lighting, refrigeration, and door upgrades; energy-efficiency considerations in new construction and expansions; and energy "tune-ups" and tracking of facility energy performance, he said.

We are participating in BPA's Energy Smart Industrial "Track and Tune" program, Sandberg stated. We typically consider efficiency when the simple payback is less than five years, and regional utility energy-efficiency programs are critical to our success, Sandberg added.

New opportunities for savings arise as technology improves, Sandberg added. Are you doing more efficiency than your competitors? Karier asked. We are at the top of the pack in our industry, if not at the head, Sandberg replied.

## **6. Presentation on the Northwest Gas Association Outlook:**

**Dan Kirschner, executive director.**

Dan Kirschner of the Northwest Gas Association titled his presentation on the latest outlook on supply and prices "the winds of change" because, he said, so much is changing in the natural gas world today. We used to talk about constraints on supply, but now "we are at the front end of a tidal wave of supply," he said.

Two years ago, the price of natural gas was \$14/MMBtu, while today it has dropped to \$4.17, Kirschner reported. You can buy natural gas for the next 12 months for less than \$5, and under \$6 for the year after that, he said.

NWGA represents six gas utilities and three gas pipelines, Kirschner noted. While we've lost some demand due to the recent economic doldrums, there's been a growth in gas use for power generation, he said. Forty-six percent of energy consumption in the Northwest is natural gas, Kirschner pointed out. Our latest demand forecast projects an annual growth rate of 1.3 percent from 2010 to 2020, compared to 1 percent last year, he said.

Industrial demand has dropped by 30 percent in the last two years, and we expect that to be permanent or at least last for the next 10 years, according to Kirschner. In the paper and timber industries, we've lost plants, and "some are hanging on by their fingernails," he said.

Pacific Northwest gas comes from the Western Canada Sedimentary Basin and the U.S. Rockies, Kirschner stated. There's been robust growth in production from the Rockies over the last five years, he noted. In 2007, production from the Western Canada basin was declining, but today "projections are rosy due to this phenomenon called shale," Kirschner said. Gas shale plays are an industry-changing breakthrough, he stated. We now have 100 years of supply, and there's been a 40 percent increase in available gas, Kirschner added.

Bill Booth asked about the production cost of shale. We first heard \$5.50 to \$6 for shale, compared to \$4.50 for conventional gas, but now most shale is produced for a lower cost than conventional gas, Kirschner replied.

We also expect dramatic increases in supplies from British Columbia, he said. As for peak capacity, we need to pay attention -- the system isn't overbuilt, Kirschner added. On December 9, 2009, we got close to a problem when it was cold everywhere and a brand-new compressor at a storage facility didn't start, he stated. We need to build some additional capacity to serve the region, Kirschner told the Council.

When you consider natural gas is used to back up wind, the question becomes "how do we serve an increasingly peaky load shape?" Kirschner said, adding that NWGA is talking to its electric utility colleagues about that. Are you looking at new underground storage? Booth asked. Yes, that's the best solution, and it's being analyzed, replied Kirschner.

## **7. Council business:**

### **– Approval of minutes**

Wallace moved that the Council approve the minutes of the July 14, 2010 Council meeting held in Portland, Oregon. Karier seconded, and the motion passed

### **– Decision on Council contribution to pilot program to explore providing balancing services with demand response.**

Staffer Terry Morlan presented a request for the Council to contribute \$25,000 to a pilot program to test the use of controllable load – mainly water heaters and cold storage facilities -- to provide wind balancing services to BPA. The project will be largely funded by BPA's Technology and Innovation funds and the other participating entities and will eventually involve about \$1 million in funding for the total effort, he said. The Power Committee supports this request, stated Karier. It will allow the Council to participate in a very important project, he added.

Wallace moved that the Council approve a \$25,000 contribution to a jointly-funded pilot program to explore providing balancing services through demand-response, as presented by staff and recommended by the Power Committee. Eden seconded, and the motion passed.

### **– Financial disclosure statements**

Staffer Bill Hannaford said Council members are required to disclose income they earn each year outside their positions on the Council. Eden reported income from a seasonal agricultural business and Booth from a position as a director of an Idaho bank, Hannaford said. Disclosure forms will be available September 17, he added.

Approved September 22, 2010

/s/ Dick Wallace  
Vice-Chair

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